



Comprehensive Annual Financial Report for Piute County School District

*500 North Main
Junction, UT 84740
(435) 577-2912*

For Fiscal Year Ended June 30, 2016

Board of Education

Erin Jensen: Board President
Marty Morgan: Board Vice-President
Rickey Dalton: Board Member
Joyce Sudweeks: Board Member
Teresa Morgan: Board member
Superintendent: Shane Erickson
Business Administrator: Koby Willis

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Introductory Section

Pages 1 - 7

Letter of Transmittal:1-4
This executive letter is a narrative introduction to the report. The letter describes the profile of the district, major initiatives, the current economic background and relevant financial policies.

Organizational Chart:5
This chart provides a general view of the District organizational structure.

Elected and Appointed Officials:6
This list provides the names, positions and terms of elected and appointed officials within the District.

Precincts of the Board of Education:7
This map provides the boundaries and precinct numbers of the five precincts for members of the Board of Education in the District.

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November 30, 2016

To the Members of the Piute County School District Board of Education and the Citizens of Piute County:

We are pleased to present Piute County School District's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This report is published to provide citizens, entities and other interested parties with both financial and non-financial information. This report is also intended to support the District's mission to develop responsible, productive citizens through a progressive education system that emphasizes self-worth and expectations of social and academic excellence while preserving community values.

Utah law requires that Piute County School District (the District) publish within 5 months of the close of each fiscal year a complete set of financial statements. These statements are to be presented in conformity with generally accepted accounting principals (GAAP) in the United States of America, and are audited by a licensed firm of certified public accountants 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 of the United States.

Internal Controls

Management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a framework of internal controls to protect the District's assets from loss, theft, or misused to compile sufficiently reliable information for the preparation of the District's financial statements in conformity with GAAP.

The cost of internal controls should not outweigh their benefits, and consequently, the District's internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent Audit

Gilbert & Stewart, a firm of licensed certified public accountants, has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the year ended June 30, 2016, are free of material misstatement.

The independent auditor's report can be found as the first component of the *Financial Section* of this CAFR.

District Profile

Piute County School District is one of 41 school districts in the state of Utah. Student enrollment for the 2015 - 2016 school year was 291. The district provides educational services for those within the boundaries of the district's schools. As of June 2016 Piute County School District services a 7 -12 high school and two K - 6 elementary schools.

The district also offers several educational alternatives outside the traditional school setting. These alternatives include preschool training at both elementary schools, an adult education program, a comprehensive career and technical education program and concurrent enrollment classes that allow students to earn both high school and college credits. The district offers a music program and special education program at all three schools. In addition, the district offers a variety of other programs both extra curricular and curriculum related.

Piute County School District is a legally separate entity enjoying all rights and privileges accorded political subdivisions in the State of Utah. The district is fiscally independent. Policy making and legislative authority are vested in the Board of Education, which in accordance with Utah Code 20A-14-202-1a, is comprised of five members. The Board of Education represents the Piute County citizenry and is elected from precincts which have been independently determined by Piute County. A map of the precinct boundaries is included in this report. The Board of Education is elected locally on a non-partisan basis. Board members serve four-year terms on a staggered basis.

The Board of Education is responsible, among other things, for developing policy, adopting the annual budget, levying property taxes, incurring bonded debt, and appointing both superintendent and business administrator. The superintendent and business administrator are responsible for carrying out the policies of the Board of Education and overseeing the day-to-day operations of the District.

If FY16 the District employed 35 full time employees and 78 part time employees including 32 Classroom Teachers, 4 Administrators & Directors, 7 Custodial & Maintenance, 5 Secretaries, 5 Transportation Services, 16 Paraprofessionals, 6 Child Nutrition Services, 33 Coaches & Substitutes, and 5 Board Members.

Economic Indicators

State Economy: The Utah Governor's Office of Management Budget recently reported that Utah ranked first in job growth for 7 months in 2015. Utah Information jobs had a 7.7% increase in job growth holding the title "Silicon Slopes". Several financial institutions helped Utah earn the title "Wall Street of the West" with 3.5% job growth.

Utah ranked 7th in the nation for population growth between 2013 and 2014. Utah experienced an estimated growth of 1.7% in 2015. It's estimated Utah surpassed 3 million residents in October 2015. The Utah Economic Council reported that in comparison to other states, Utah's population is younger, households on average are larger, and people tend to live longer.

Utah received several economic recognitions in 2015 including a AAA Bond Rating, a #1 ranking as Best State For Business 2015 by Forbes, and a #1 Fundamentally Sound 2015 recognition by the U.S. Chamber of Commerce Foundation.

On October 1, 2015, there were an estimated 633,896 students in Utah's public education system; an increase of 11,743 students, or 1.9%, over October 1, 2014.

Local Economy: Between 2013 and 2014 Piute County experienced an estimated 2.6% decrease in population. In the 2010 U.S Census Piute County had a population of 1,556. In June of 2016 Piute County had a reported unemployment rate of 6.9%.

Student Enrollment

Piute County School District fall enrollment for the 2015 - 2016 school year was 291. That's down 11 students from 2014 - 2015, and 13 students from 2013 - 2014.

Revenues

The District is heavily reliant on State aid as it provided 76.1% of general fund revenue for 2015-2016. Over the past 10 years the percentage of State aid has been as high as 85.9% and as low as 73.7%. With the legislative increase in the school basic levy and moderate new growth in the assessed valuation general fund property tax revenue increased by nearly \$70,000.

The State's fiscal year 2016 school finance program was designed to provide every school district with a basic operation program of \$3,092 per weighted pupil unit (WPU). This amount increased from \$2,972 in 2015. The Utah State Uniform Fund was constitutionally established in 1938 and is used to allocate funding for statewide public education programs. Since 1947, all Utah taxes based on income have been required to be used for public education. In 1996, voters in Utah approved a change providing that these revenues could also be used for higher education. Additionally, a statewide property tax rate is levied to finance the Uniform School Fund and is applied against the taxable value of real and personal property.

Local property taxes were 10.7% of general fund revenue in 2016 which is up 0.9% from 2015, but only up 0.2% from 2014, and down 0.8% from 2013. Local property taxes were at the 10-year low in 2009. In 2010 a General Obligation bond was passed for the remodel and reconstruction of Piute High School.

Budgetary Control

The District adopts an annual budget for revenues and expenditures. This budget serves as the financial operating plan for the entire fiscal year. Revisions may be implemented during the year. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve.

Each June, the District Business Administrator submits to the board a proposed operating budget for the next fiscal year, commencing July 1st. This budget includes proposed expenditures and the means of financing them.

On or before June 22nd of each year, the Board of Education legally adopts, by resolution, its budget for the next fiscal year, after receiving taxpayer input. If the District exceeds the certified tax rate, a revised budget is adopted in August through the truth-in-taxation process.

In developing its budget, the District strives to estimate revenues and expenditures as accurately as possible. The level by which expenditures may not exceed appropriations has

been interpreted by the State Superintendent of Public Instruction to be the total budgeted revenue of a given fund.

Major Initiatives / Capital Projects

All three current school buildings were constructed during the 1960's and Piute High School underwent a significant remodel and reconstruction in 2010. Though the elementary school buildings are old they have been kept in good repair and District staff strives to maintain the buildings at a high level. The District continually makes needed repairs and renovations with annual reviews and requests of capital projects. Procurement of capital projects above \$50,000 are approved by the Board of Education as required by state law and District policy.

Though there were no capital projects of more than \$50,000 during the 2016 fiscal year there were a series of smaller capital projects to Oscarson Elementary School including new tile ceilings, replacement of half the membrane roof, two new roof top furnaces, new classroom lighting, and the installation a monitored fire alarm system. Wiring for wireless access points were completely replaced and improved in all district buildings. PA systems were installed in the elementary schools and district parking lots were crack sealed.

Long Term Financial Planning


The District has been successful in planning for and implementing significant budget decreases, which have occurred over the past five years. We do not expect revenues to increase significantly in the near future and subsequently continue to be conservative in all budgeting processes and inasmuch as possible, to not use one-time funding sources for on-going expenditures.

The District holds a quarterly finance and internal audit committee meeting to discuss long term and short term financial goals for the school district. The committee reviews building capital project needs and student enrollment projections to make recommendations for possible budget changes.

Acknowledgments

We would like to acknowledge school administrators, secretaries, and the many other employees in the district who play a vital role in the management, accurate processing, and timely closing of the District's financial records.

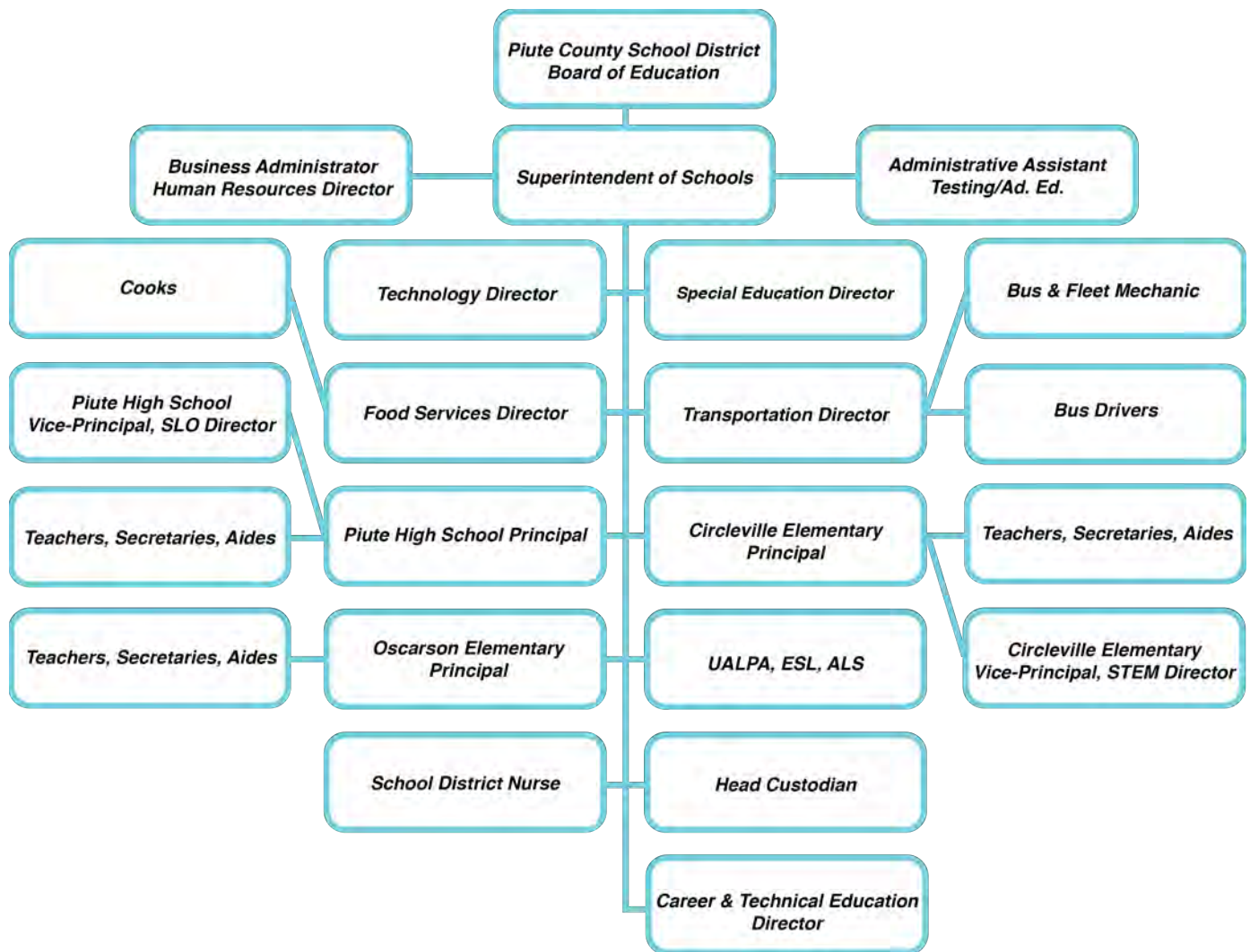
Respectfully submitted.


Shane Erickson, Superintendent


Koby Willis, Business Administrator



Organizational Chart



Piute County School District

Elected & Appointed Officials

June 30, 2016

Elected Officials*

Board of Education	Current Term Start Date	Current Term End Date	Initial Appointment
Erin Jensen <i>Board President</i> Precinct #1	January 5, 2015	January 7, 2019	January 1, 2007
Teresa Morgan Precinct #2	January 5, 2015	January 7, 2019	January 5, 2015
Rick Dalton Precinct #3	January 5, 2015	January 7, 2019	January 2, 1995
Joyce Sudweeks Precinct #4	January 7, 2013	January 2, 2017	January 7, 2013
Marty Morgan <i>Board Vice-President</i> Precinct #5	January 7, 2013	January 2, 2017	January 7, 2013

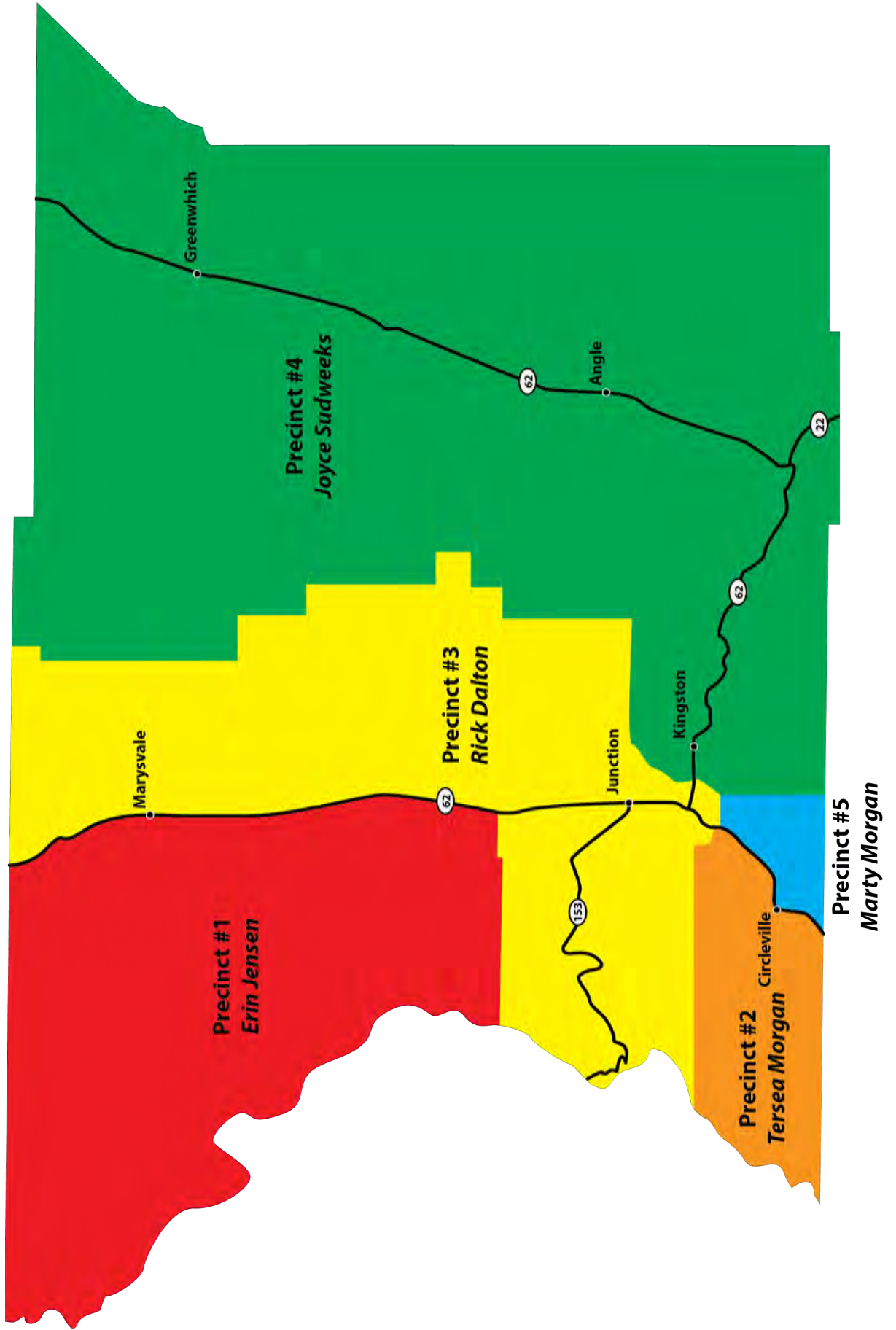
Appointed Officials**

Shane Erickson <i>Superintendent</i>	July 1, 2016	June 30, 2018	July 1, 2012
Koby Willis <i>Business Administrator</i>	July 1, 2016	June 30, 2018	July 1, 2014

*The term of office for a board member is four years, beginning on the first Monday in January following the November election.

**The term of office of the Superintendent and Business Administrator is two years

Piute County School District School Board Member Precincts





Financial Section

Pages 8 - 65

Independent Auditor’s Report:8-9

This independent auditor’s report describes the audit, the nature and scope of the audit, and the auditor’s opinion.

Management’s Decision and Analysis:.....10-16

This information provides management’s explanations regarding the District’s overall financial performance throughout the fiscal year and it’s fiscal position.

The Basic Financial Statements:17-24

These financial statements provide required detailed information regarding the District’s financial performance and position.

Notes to the Basic Financial Statements:25-55

Detailed explanations to further clarify information contained in the basic financial statements.

Combining and Individual Fund Financial Statements: 56-65

These financial statements and schedules are supplementary information intended to clarify information presented in the basic financial statements.

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GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Piute County School District
Junction, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Piute County School District, (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, each major fund, and the aggregate remaining fund information of Piute County School District, as of June 30, 2016 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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.

The Introductory and statistical sections have not been subjected to the auditing procedures applied to the audit of the basic financial statements, and accordingly we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC
November 21, 2016

**PIUTE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

As management of the Piute County School District (District), we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2016. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

The *statement of activities* presents information showing how the net position of the District changed during the 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 expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 18 through 19 of this report.

Fund Financial Statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories, governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-

**PIUTE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *general fund*, *capital projects fund*, and *debt service fund*, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund statements can be found on pages 20 to 24 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statement because the District cannot use these funds to finance its operations.

The District uses a fiduciary fund to account for resources held for other groups. Currently the District does not use this fund.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 25 to 48 of this report.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 55 to 61 of this report.

**PIUTE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,137,244 at June 30, 2016. Below is a summary of the District's assets, liabilities, deferred inflows of resources and net position.

PIUTE COUNTY SCHOOL DISTRICT'S NET POSTION

	Governmental Activities		Change 2016-15
	2016	2015	
Current and other assets	\$ 6,178,431	\$ 5,577,386	\$ 601,045
Capital assets	7,905,965	8,111,910	(205,945)
Total assets	<u>14,084,396</u>	<u>13,689,296</u>	<u>395,100</u>
Deferred Outflows of Resources	<u>741,604</u>	<u>239,068</u>	<u>502,536</u>
Current and other liabilities	595,365	535,948	59,417
Noncurrent liabilities	<u>8,231,487</u>	<u>7,928,905</u>	<u>302,582</u>
Total liabilities	<u>8,826,852</u>	<u>8,464,853</u>	<u>361,999</u>
Deferred Inflows of Resources	<u>861,903</u>	<u>793,184</u>	<u>68,719</u>
Net Postion:			
Net investment in capital assets	2,197,662	2,363,173	(165,511)
Restricted	3,219,429	2,856,479	362,950
Unrestricted	(279,847)	(549,326)	269,479
Total net postion	<u>\$ 5,137,244</u>	<u>\$ 4,670,326</u>	<u>\$ 466,918</u>

A portion of the District's positive net position (43%) reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students and 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.

A portion of the District's positive net position (63%) represent resources that are subject to external restrictions on how they may be used. The remainder of net position is a negative balance. If positive, it may be used to meet the District's ongoing obligations to students, employees, and creditors. However, the unrestricted net asset amount has been earmarked for the following purposes:

- Committed to Undistributed Reserve

**PIUTE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

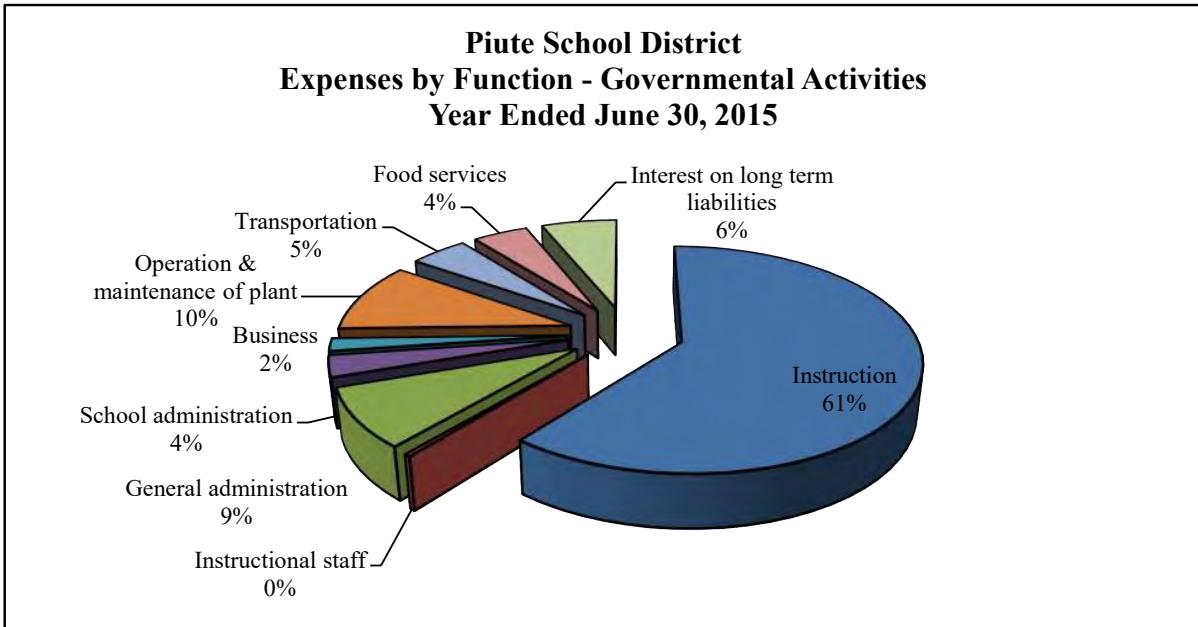
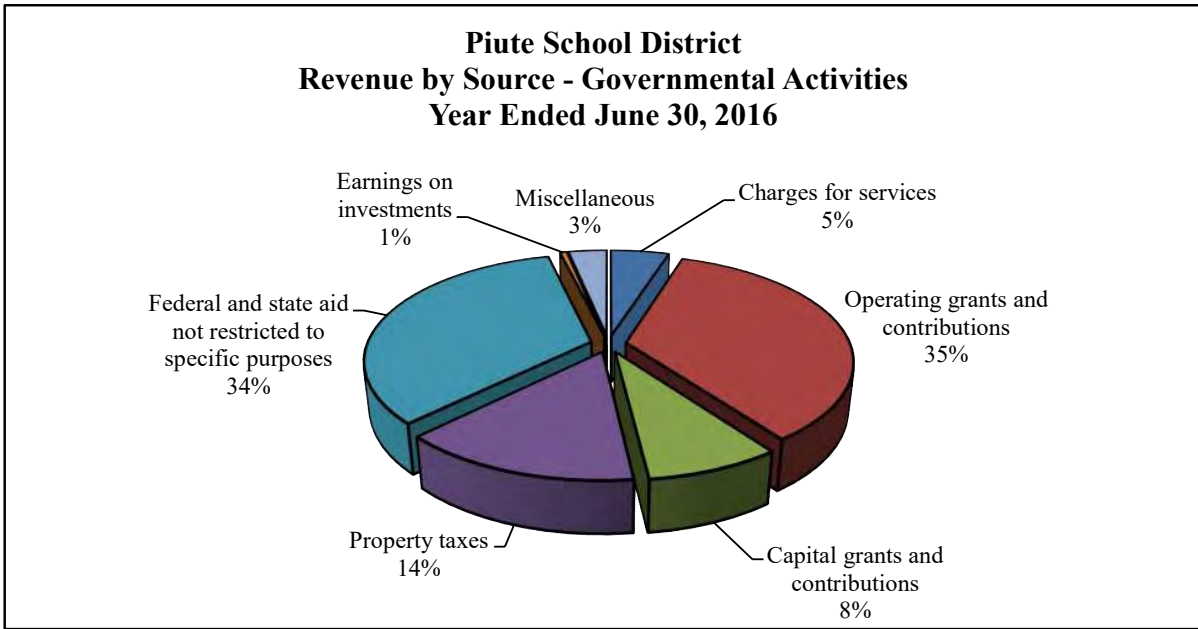
As allowed by law, the District has established an *undistributed reserve* of \$175,000 of general fund budgeted revenues within the general fund which is set aside for contingencies or possible reductions in state funding and not to be used in negotiation or settlement of contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District's bond rating.

As of June 30, 2016, the District is able to report positive balances in all three categories of net position, both for the District as a whole and for its separate governmental activities. The same situation held true for the prior fiscal period.

PIUTE COUNTY SCHOOL DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities		Increase (Decrease)
	2016	2015	
Revenues:			
Program revenues:			
Charges for services	\$ 300,943	\$ 322,473	\$ (21,530)
Operating grants and contributions	2,131,277	2,243,184	(111,907)
Capital grants and contributions	492,800	492,171	629
General Revenues:			
Property taxes	881,081	771,636	109,445
Federal and state aid not restricted to specific purposes	2,043,707	1,867,839	175,868
Earnings on investments	33,309	19,668	13,641
Miscellaneous	198,373	105,410	92,963
Total revenues	<u>6,081,490</u>	<u>5,822,381</u>	<u>259,109</u>
Expenses:			
Instruction	3,403,905	3,732,328	(328,423)
Support services:			
Instructional staff	19,906	19,527	379
General administration	476,475	443,890	32,585
School administration	170,815	222,747	(51,932)
Business	102,829	110,352	(7,523)
Operation & maintenance of plant	564,745	540,346	24,399
Transportation	281,611	317,989	(36,378)
Food services	251,686	241,512	10,174
Interest on long term liabilities	342,600	341,336	1,264
Total expenses	<u>5,614,572</u>	<u>5,970,027</u>	<u>(355,455)</u>
Changes in net position	466,918	(147,646)	614,564
Net position, beginning (as restated)	<u>4,670,326</u>	<u>4,817,972</u>	<u>(147,646)</u>
Net position, ending	<u>\$ 5,137,244</u>	<u>\$ 4,670,326</u>	<u>\$ 466,918</u>

**PIUTE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**PIUTE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unreserved fund balance is divided between designated balances and undesignated balances. The District has designated portions of the unreserved fund balance to earmark resources for certain government-wide liabilities that are not recognized in the governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of capital projects and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

The *general fund* is the chief operating fund of the District. At June 30, 2016, unassigned fund balance was \$1,373,382 while the total fund balance was \$1,652,006. The unassigned fund balance increased by \$307,631 while the total fund balance increased by \$111,130 during the fiscal year. Annual expenditures in the general fund were \$21,658 less than the final budgeted amounts, and resources available for appropriation were \$54,692 more than final budgeted amounts.

The *capital projects fund* has a total fund balance of \$574,188, of which \$574,188 is restricted for acquisition of capital assets and related expenditures. The fund balance decreased by \$38,310 during the fiscal year.

The *debt service fund* has a total fund balance of \$2,141,749, all of which is reserved for the payment of debt service. The fund balance increased by \$304,353 during the fiscal year.

The *Food services special revenue fund* has a total fund balance of \$14,599. This balance is within the total allowed by state guidelines and is restricted to food service programs. The fund balance increased by \$5,150 during the fiscal year.

The *student activity special revenue fund* has a total fund balance of \$79,561. This balance is within the total allowed by state guidelines and is restricted for student activity and other programs at the school level. The fund balance increased during the year by \$15,531.

The *scholarship fund* has a total fund balance of \$94,963. This balance increased during the year by \$12,449.

The municipal building authority special revenue fund has an ending fund balance of \$376,930. The fund balance increased during the year by \$63,172.

**PIUTE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The capital projects fund is used primarily to account for costs incurred in acquiring, maintaining, and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

The primary class of capital assets used by the District to provide educational services to the public is school buildings. The District continually evaluates the cost efficiency of its buildings as part of its on-going capital improvements plan.

Capital assets at June 30, 2016 are outlined below:

**PIUTE COUNTY SCHOOL DISTRICT'S CAPITAL ASSETS
(net of accumulated depreciation)**

	2016	2014
Land	\$ 125,000	\$ 125,000
Construction in progress	-	-
Buildings & Improvements	7,224,563	7,419,595
Furniture and Equipment	556,402	567,315
	\$ 7,905,965	\$ 8,111,910

Debt Administration

The general obligation bond debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2016 was approximately \$4,500,000 while the general obligation debt at that date was \$4,435,000 resulting in a legal debt margin of approximately \$65,000.

Additional information on the District's long-term debt can be found in Note 7 to the basic financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Piute County School District's finances and to demonstrate the District's accountability for the funds it receives. If you have any questions concerning this report or need additional financial information, please contact the Business Administrator, Piute County School District, County Courthouse, Junction, Utah 84740.

BASIC FINANCIAL STATEMENTS

PIUTE COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets:	
Cash and investments	\$ 3,256,609
Cash and investments-restricted	1,946,457
Receivables:	
Property taxes	738,724
Other governments	232,119
Inventories	4,440
Net pension asset	82
Capital assets:	
Land and construction in progress	125,000
Other capital assets, net of accumulated depreciation	7,780,965
Total assets	14,084,396
Deferred outflows of resources:	
Deferred outflows related to pensions	741,604
Liabilities:	
Accounts payable	275,973
Accrued interest	62,561
Accrued salaries	256,831
Unearned revenue:	
Other governments	-
Noncurrent liabilities:	
Due within one year	41,368
Due in more than one year	8,190,119
Total liabilities	8,826,852
Deferred inflows of resources:	
Deferred inflows related to pensions	198,141
Property taxes levied for a future year	663,762
Total deferred inflows of resources	861,903
Net Position:	
Net investment in capital assets	2,197,662
Restricted for:	
Food services	14,599
Student activity fund	79,561
Scholarship fund	94,963
Debt service	2,456,118
Capital projects	574,188
Unrestricted	(279,847)
Total net position	\$ 5,137,244

The notes to the financial statements are an integral part of this statement.

PIUTE COUNTY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2016

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental activities:					
Instructional services	\$ 3,403,905	\$ 267,398	\$ 1,255,253	\$ 200,000	\$ (1,681,254)
Supporting services:					
Instructional staff	19,906	-	-	-	(19,906)
General administration	476,475	-	293,740	-	(182,735)
School administration	170,815	-	156,304	-	(14,511)
Central	102,829	-	-	-	(102,829)
Operation and maintenance of facilities	564,745	-	-	-	(564,745)
Transportation	281,611	-	240,801	-	(40,810)
Food services	251,686	33,545	185,179	-	(32,962)
Interest on long-term liabilities	342,600	-	-	292,800	(49,800)
Total school district	<u>\$ 5,614,572</u>	<u>\$ 300,943</u>	<u>\$ 2,131,277</u>	<u>\$ 492,800</u>	<u>(2,689,552)</u>
General revenues:					
Property taxes levied for:					
					525,817
					332,280
					22,984
					2,043,707
					33,309
					198,373
					<u>3,156,470</u>
					466,918
					<u>4,670,326</u>
					<u>\$ 5,137,244</u>

The notes to the financial statements are an integral part of this statement.

PIUTE COUNTY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Assets:					
Cash and investments	\$ 1,956,082	\$ 549,340	\$ 572,605	\$ 178,582	\$ 3,256,609
Cash and investments-Restricted	-	1,569,527	-	376,930	1,946,457
Receivables:					
Property taxes	454,961	265,482	18,281	-	738,724
Other governments	220,164	-	-	11,955	232,119
Other receivables	-	-	-	-	-
Inventory				4,440	4,440
Due from other funds	1,796	-	-	-	1,796
Total assets	<u>\$ 2,633,003</u>	<u>\$ 2,384,349</u>	<u>\$ 590,886</u>	<u>\$ 571,907</u>	<u>\$ 6,180,145</u>
Liabilities:					
Liabilities:					
Accounts payable	\$ 271,915	\$ -	\$ -	\$ 4,058	\$ 275,973
Accrued salaries	256,831	-	-	-	256,831
Due to other funds	-	-	-	1,796	1,796
Unearned revenue:					
Other governments	-	-	-	-	-
Total liabilities	<u>528,746</u>	<u>-</u>	<u>-</u>	<u>5,854</u>	<u>534,600</u>
Deferred inflows of resources:					
Unearned property taxes	47,787	-	-	-	47,787
Property taxes levied for a future year	404,464	242,600	16,698	-	663,762
Total deferred inflows of resources	<u>452,251</u>	<u>242,600</u>	<u>16,698</u>	<u>-</u>	<u>711,549</u>
Fund Balances:					
Non spendable:					
Inventories	-	-	-	4,440	4,440
Restricted for:					
Capital outlay	-	-	574,188	-	574,188
Food services	-	-	-	10,159	10,159
Debt service	-	2,141,749	-	376,930	2,518,679
Other	-	-	-	94,963	94,963
Committed to:					
Economic Stabalization	175,000	-	-	-	175,000
Schools	-	-	-	79,561	79,561
Assigned to:					
Program Balances	103,624	-	-	-	103,624
Unassigned:					
General fund	1,373,382	-	-	-	1,373,382
Total fund balances	<u>1,652,006</u>	<u>2,141,749</u>	<u>574,188</u>	<u>566,053</u>	<u>4,933,996</u>
Total liabilities and fund balances	<u>\$ 2,633,003</u>	<u>\$ 2,384,349</u>	<u>\$ 590,886</u>	<u>\$ 571,907</u>	<u>\$ 6,180,145</u>

The notes to the financial statements are an integral part of this statement.

PIUTE COUNTY SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2016

Total fund balances for governmental funds	\$	4,933,996
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	\$	124,999
Construction in progress		-
Buildings and improvements, net of \$2,669,089 accumulated depreciation		7,224,563
Furniture and equipment, net of \$1,627,827, accumulated depreciation		556,402
		7,905,964
The net pension asset is not an available resource and therefore is not reported in the governmental funds.		
		82
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds and lease revenue bonds is \$61,511 and accrued interest for obligations under capital leases is \$1,050		
		(62,561)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end are:		
Bonds payable		(5,500,000)
Obligations under capital leases		(41,634)
Notes payable		(166,668)
Net pension liability		(2,010,731)
Deferred inflows of resources pension related		(198,141)
Deferred outflows of resources pension related		741,604
Accrued vacation and sick leave		(84,148)
Post employment benefits		(428,306)
		(7,688,024)
Total net position of governmental activities	\$	5,137,244

The notes to the financial statements are an integral part of this statement.

PIUTE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
Revenues:					
Property taxes	\$ 497,299	\$ 314,258	\$ 21,737	\$ -	\$ 833,294
Earnings on investments	8,364	10,059	-	14,886	33,309
School lunch sales	-	-	-	33,545	33,545
Other local sources	159,961	-	38,412	267,398	465,771
State aid	3,542,936	-	200,000	31,130	3,774,066
Federal aid	446,869	235,385	-	211,464	893,718
Total revenues	<u>4,655,429</u>	<u>559,702</u>	<u>260,149</u>	<u>558,423</u>	<u>6,033,703</u>
Expenditures:					
Current:					
Instructional services	2,933,507	-	-	251,767	3,185,274
Supporting services:					
Instructional staff	20,325	-	-	-	20,325
District administration	463,883	-	-	-	463,883
School administration	194,723	-	-	-	194,723
Central	102,818	-	-	-	102,818
Operation and maintenance					
of facilities	527,203	-	-	-	527,203
Transportation	243,512	-	-	-	243,512
Food services	-	-	-	248,574	248,574
Capital outlay	-	-	190,277	-	190,277
Debt service:					
Principal retirement	19,601	-	20,833	-	40,434
Interest and fiscal charges	3,727	255,349	-	84,029	343,105
Total expenditures	<u>4,509,299</u>	<u>255,349</u>	<u>211,110</u>	<u>584,370</u>	<u>5,560,128</u>
Excess (deficiency) of revenues over (under) expenditures	<u>146,130</u>	<u>304,353</u>	<u>49,039</u>	<u>(25,947)</u>	<u>473,575</u>
Other financing sources (uses):					
Transfers	(35,000)	-	(87,349)	122,349	-
Total other financing sources (uses)	<u>(35,000)</u>	<u>-</u>	<u>(87,349)</u>	<u>122,349</u>	<u>-</u>
Net change in fund balances	111,130	304,353	(38,310)	96,402	473,575
Fund balances - beginning	<u>1,540,876</u>	<u>1,837,396</u>	<u>612,498</u>	<u>469,651</u>	<u>4,460,421</u>
Fund balances - ending	<u>\$ 1,652,006</u>	<u>\$ 2,141,749</u>	<u>\$ 574,188</u>	<u>\$ 566,053</u>	<u>\$ 4,933,996</u>

The notes to the financial statements are an integral part of this statement.

PIUTE COUNTY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Government Funds to the Statement of Activities
Year Ended June 30, 2016

Net change in fund balances-total governmental funds \$ 473,575

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for furniture and equipment and \$100,000 for buildings and improvements are capitalized and the cost 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	\$ 87,285	
Depreciation expense	<u>(293,230)</u>	(205,945)

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net assets.

Interest expense - capital leases	505	
Principal payments of capital leases	<u>40,434</u>	40,939

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Interest expense - bonds		(0)
--------------------------	--	-----

In the statement of activities, certain operating expenses - compensated absences (vacations), special termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, accrued sick leave decreased by \$22,852 post retirement benefits payable decreased by \$44,784 and net pension expense was \$41,926.

110,562

Change in net position of governmental activities		<u><u>\$ 466,918</u></u>
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PIUTE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 339,227	\$ 472,758	\$ 497,299	\$ 24,541
Earnings on investments	8,500	8,250	8,364	114
Other local sources	111,075	142,033	159,961	17,928
State aid	3,560,935	3,535,582	3,542,936	7,354
Federal aid	429,013	442,114	446,869	4,755
Total revenues	<u>4,448,750</u>	<u>4,600,737</u>	<u>4,655,429</u>	<u>54,692</u>
Expenditures:				
Current:				
Instructional services	2,873,370	3,031,811	2,933,507	98,304
Supporting services:				
Instructional staff	21,277	20,296	20,325	(29)
General administration	410,674	370,943	463,883	(92,940)
School administration	229,308	194,433	194,723	(290)
Central	100,280	102,456	102,818	(362)
Operation and maintenance of facilities	486,580	545,552	527,203	18,349
Transportation	312,687	265,466	266,840	(1,374)
Total expenditures	<u>4,434,176</u>	<u>4,530,957</u>	<u>4,509,299</u>	<u>21,658</u>
Excess of revenues over expenditures	14,574	69,780	146,130	76,350
Other financing sources (uses):				
Capital lease proceeds	-	-	-	-
Transfer in	-	-	-	-
Transfer out	(35,000)	(65,000)	(35,000)	30,000
Net change in fund balances	<u>(20,426)</u>	<u>4,780</u>	<u>111,130</u>	<u>106,350</u>
Fund balances - beginning	<u>1,540,876</u>	<u>1,540,876</u>	<u>1,540,876</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,520,450</u>	<u>\$ 1,545,656</u>	<u>\$ 1,652,006</u>	<u>\$ 106,350</u>

The notes to the financial statements are an integral part of this statement.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Piute County School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. 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 District are described below.

- **Reporting Entity** - The Board of Education, comprised of five elected individuals, is the primary governing authority for the District. The Board establishes District policies, approves budgets, appoints a Superintendent with responsibilities for administering all educational activities of the District, and appoints a Business Administrator with responsibilities for fiscal matters. The Board is authorized to issue bonds, incur short-term debt, levy property taxes, and is not dependent on any other unit of local government. As required by GAAP, these basic financial statements present the activities of the District. The District is not a component unit of any other primary government.

Government-wide and fund financial statements – The *government-wide financial statements* (i.e., the statement of net position and the statement of changes in net position) display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for “shared” capital assets (for example, a school building is used primarily for instructional, school administration, operation and maintenance of facilities, and school lunch services) are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line.

Program revenues include 1) fees and charges paid by students and other recipients of goods or services, offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

The *fund financial statements* provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category (governmental, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor 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 District, except those required to be accounted for in another fund.
- The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.
- The *debt service fund* accounts for resources (primarily taxes) accumulated and payments made for retirement of general obligation debt and for payment of associated interest and fees on that debt.

The District reports the following nonmajor special revenue funds that receive revenues which are restricted to expenditures for specified purposes:

- The *food services fund* accounts for preparation and service of school lunches and breakfasts.
- The *student activity fund* accounts for fees and revenues associated with student activities at the school level.
- The *scholarship fund* accounts for a perpetual scholarship fund.
- The *municipal building authority fund* is a blended component unit and is used to account for lease payments and debt payments on the lease revenue bonds.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Measurement focus, basis of accounting, and financial statement presentation – The *government-wide and fiduciary 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 when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement and post-employment healthcare benefits, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Budgetary Data – Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted on a District level for the student activities agency fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- During June of each year, the District superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

- Copies of the proposed budget are made available for public inspection and review by the District's patrons.

If the District does not exceed the certified tax rate, a public hearing is held prior to June 22nd at which the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the tax rates.

- Once adopted, the budget can be amended by subsequent Board action. The Board, upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2016, have been included in the final budget approved by the Board, as presented in the financial statements. Budgets were amended at year end.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is employed in the governmental funds and the internal service fund. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. As a result, overall fund revenue variances will be negative, and overall fund expenditure variances will be positive.

Deposits and Investments – The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The pool's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to the funds based on the average balance of each participating fund.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Cash and Cash Equivalents – The District considers cash and cash equivalents in proprietary funds to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers’ Investment Fund (PTIF).

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either “due to/from other funds” (i.e., current portion of interfund loans) or “advances from/to other funds” (i.e., the noncurrent portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resource.

Inventories – Inventories are valued at cost or, if donated, at fair value when received, using the moving average method. The consumption method of accounting is applied to the inventories of all funds.

Inventories of donated United States Department of Agriculture (USDA) commodities on hand at year-end are reported on the balance sheet at fair market value on the date received as inventory. Commodities used during the year are reported as revenues and expenditures on the operating statement.

Capital Assets – Capital assets, which include land, water stock, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for land, furniture and equipment and \$100,000 for buildings and improvements and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Furniture	15
Portable Classrooms	15
Machinery and Tools	15
Buses	15
Laboratory Equipment	10
Musical Instruments	10
Licensed Vehicles	10
Computers	5

Compensated Absences – Under terms of association agreements, twelve-month or full-year employees earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an employee is reimbursed for accumulated sick days to a maximum of 120 days at \$60 per day. No reimbursement or accrual is made for unused vacation leave.

All sick pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

PIUTE COUNTY SCHOOL DISTRICT
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Pensions—For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah State Retirement Systems (URS) and additions to/deductions from URS’s fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are at fair value.

Deferred Outflows/Inflows of Resources—In addition to assets, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has the following sources that qualify for reporting in this category; these items are reported in the statement of net position:

- Deferred charge on refunding – results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District has no items in the category.
- Deferred outflows of resources related to pensions – includes a) net difference between projected and actual earnings on pension plan investments and. b) changes in proportion and differences between contributions and proportionate share of contributions, c) District contributions subsequent to the measurement date of December 31, 2015.

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

The following item arises only under a modified accrual basis of accounting and is reported in the governmental funds balance sheet; this item is deferred and recognized as an inflow of resources in the period that the amount becomes available:

- Unavailable property tax revenue – consists of uncollected, delinquent property taxes.

The following sources are reported in both the statement of net position and the governmental funds balance sheet.

- Deferred inflow of resources related to pensions – includes a) differences between expected and actual experience and b) changes of assumptions in the measurement of the net pension liability/asset, and c) changes in proportion and differences between contributions and proportionate share of contributions.
- Property taxes levied for future year – property taxes levied on January 1, 2016 for the following school year.

PIUTE COUNTY SCHOOL DISTRICT
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Net Position/Fund Balances—The residual of all other elements presented in a statement of net position is *net position* on the government-wide and proprietary fund financial statements and the residual of all other elements presented in a balance sheet on the governmental fund financial statements is *fund balance*.

Net position is divided into three components: net investment in capital assets (capital assets net of related debt less unspent bond proceeds), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation.

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the District is bound to honor them. The District first determines and reports nonspendable balances, then restricted, then committed, and so forth. Fund balance classifications are summarized as follows:

- **Nonspendable.** This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as nonspendable.

- **Restricted.** This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) 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. Restricted fund balance amounts include the following:
 - a) Unspent tax revenues for specific purposes (capital projects, debt service, student transportation, K-3 reading program, and community recreation).
 - b) Remaining fund balances in the School Lunch Fund.

- **Committed.** This category includes amounts that can only be used for specific purposes established by formal action of the District's Board of Education. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the Board of Education. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Education has approved to commit fund balance amounts for the following purposes:
 - a) As defined in Utah law as an "undistributed reserve," the District maintains for economic stabilization up to five percent of General Fund budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e. reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not to be

PIUTE COUNTY SCHOOL DISTRICT
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used "in the negotiation or settlement of contract salaries for school district employees."

b) Resources held by schools in the other governmental funds.

c) Employee obligations related to the phase out of early retirement stipends.

- **Assigned.** This category includes General Fund balance amounts that the District intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by written approval of the District's administration comprised of superintendent, assistant superintendents, and business administrator. This category also includes the remaining positive fund balance for other governmental funds. The District has assigned General Fund resources that are to be used for textbooks, supplies, and other unrestricted school programs.
- **Unassigned.** Residual balances in the General Fund are classified as unassigned.

When both restricted and unrestricted resources are available for use, it is the District's policy to use committed resources first, followed by assigned resources, then unassigned resources as they are needed.

Comparative Data and Reclassifications – Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

Use of Estimates - Presenting financial statements in conformity with Generally Accepted Accounting Principles requires management to make certain estimates concerning assets, liabilities, revenues and expenses. Actual results may vary from these estimates.

2. DEPOSITS AND INVESTMENTS

A. Deposits

Deposits – Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The district follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) in handling its depository and investing transactions. The District considers the actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. District funds are deposited in qualified depositories as defined by the Act. The District does not have a deposit policy for custodial credit risk. As of June 30, 2016, the District's custodial credit risk for deposits was as follows:

**PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2016</u>
Regular Checking Account	Insured	\$ 250,300
Regular Checking Account	Uninsured and collateralized	<u>2,502,871</u>
		<u>\$2,753,171</u>

B. Investments

The District's investments are managed through participation in the state Public Treasurer's Investment Fund and through a repurchase agreement arrangement with a local bank. As of June 30, 2016, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Utah Public Treasurers' Investment Fund	Less than one year	\$2,385,419
Equity Mutual Funds	Less than one year	<u>94,963</u>
		<u>\$ 2,480,382</u>

Investments – Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, interest rate risk is managed by compliance to the Utah Money Management Act which provides guidance for handling depository and investing transactions in order to minimize interest rate risk.

Investments – Credit Risk – The District follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, high-trade commercial paper, bankers' acceptances, repurchase agreements, corporate bonds, restricted mutual funds, and obligations of governmental entities within the State of Utah. The PTIF is invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the PTIF. The degree of risk of the PTIF depends upon the underlying portfolio. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The District considers the actions of the Council to be necessary and sufficient for adequate protection of its investments. The District has no investment policy that would further limit its investment choices.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Investments – Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Fair Value of Investments

Fair Value of Investments

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

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At June 30, 2016, the District had the following recurring fair value measurements:

Investments by fair value level	6/30/2016	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt Securities				
Utah Public Treasurers' Investment Fund	\$ 2,385,419		\$ 2,385,419	
Equity Securities				
Equity Mutual Funds	94,963		94,963	
	<u>\$ 2,480,382</u>	<u>\$ -</u>	<u>\$ 2,480,382</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the June 30, 20xx fair value factor, as calculated by the Utah State Treasurer, to the District's average daily balance in the Fund; and,
- Donated Real Estate: recent appraisals of the real estate's value.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

3. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the Piute County treasurer as an agent of the District. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6%. The interest rate period is from January 1 until the date paid.

Beginning January 1, 1992, an annual uniform fee based on the value of motor vehicles was levied in lieu of an ad valorem tax on motor vehicles. This uniform fee was 1.5% of the fair market value statewide value of the property, as established by the State Tax Commission. Effective January 1, 1999, legislation required motor vehicles be subject to an “age-based” fee that is due each time a vehicle is registered. The age-based fee is for passenger type vehicles and ranges from \$10 to \$150 based on the age of the vehicle. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when the County collects it.

As of June 30, 2016, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2016 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion.

**PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

4. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 125,000	\$ -	\$ -	\$ 125,000
Total capital assets, not being depreciated	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>125,000</u>
Capital assets, being depreciated:				
Buildings and improvements	9,893,652	-	-	9,893,652
Furniture and equipment	2,254,711	87,285	(157,767)	2,184,229
Total capital assets, being depreciated	<u>12,148,363</u>	<u>87,285</u>	<u>(157,767)</u>	<u>12,077,881</u>
Accumulated depreciation for:				
Buildings and improvements	(2,474,057)	(195,032)	-	(2,669,089)
Furniture and equipment	(1,687,396)	(98,198)	157,767	(1,627,827)
Total accumulated depreciation	<u>(4,161,453)</u>	<u>(293,230)</u>	<u>157,767</u>	<u>(4,296,916)</u>
Total capital assets, being depreciated, net	<u>7,986,910</u>	<u>(205,945)</u>	<u>-</u>	<u>7,780,965</u>
Governmental activities capital assets, net	<u>\$ 8,111,910</u>	<u>\$ (205,945)</u>	<u>\$ -</u>	<u>\$ 7,905,965</u>

Depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instructional services	\$ 190,323
Supporting services:	
District administration	13,850
School administration	6,100
Central	850
Operation and maintenance of facilities	38,800
Transportation	39,357
School lunch services	3,950
Total depreciation expense, governmental activities	<u>\$ 293,230</u>

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

5. STATE RETIREMENT PLANS AND OPEB

Description of plans – Eligible employees of the District are provided with the following plans through the Utah Retirement Systems (the URS) administered by the URS:

Defined Benefit Pension Plans (cost-sharing, multiple-employer plans):

- Public Employees Noncontributory Retirement System (Tier 1 Noncontributory System)
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Contributory System)

Defined Contribution Plans (individual account plans):

- 401(k) Plan
- 457 Plan and other individual plans

Title 49 of the *Utah Code* grants the authority to establish and amend the benefit terms to the Utah State Retirement Board, whose members are appointed by the Governor. The URS (a component unit of the State of Utah) issues a publicly available financial report that can be obtained at www.urs.org.

The Tier 2 systems became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the systems, are members of the Tier 2 systems.

Benefits provided – The URS provides retirement, disability, and death benefits to participants in the defined benefit pension plans. Retirement benefits are determined from 1.5% to 2.0% of the employee's highest 3 or 5 years of compensation times the employee's years of service depending on the pension plan, benefits are subject to cost-of-living adjustments up to 2.50% or 4.00%, limited to the actual Consumer Price Index increase for the year. Employees are eligible to retire based on years of service and age.

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made except Tier 2 required contributions and associated earnings are vested during the first four years of employment. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

**PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Contributions – As a condition of participation in the plans, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

For the year ended June 30, 2016, District required contribution rates for the plans were as follows:

	Defined Benefit Plans Rates			District Rates for 401(k) Plan
	District Contribution	Employee Paid	Paid by District for Employee	
	Contribution	Paid	Employee	
Tier 1 Noncontributory System	22.19%	-	-	1.50%
Tier 1 Contributory System	18.24%	-	-	1.78
Tier 2 Defined Contribution Plan	10.02%	-	-	10.00%

* The District is also required to contribute 9.94% of covered employee payroll of the Tier 2 plans to finance the unfunded actuarial accrued liability of the Tier 1 plans. The District is also required to contribute 0.08% of covered employee payroll of the Tier 2 plans for death benefits.

For the year ended June 30, 2016, District and employee contributions to the plans were as follows:

	District Contributions	Employee Contributions
Tier 1 Noncontributory System	\$ 377,629	\$ -
Tier 2 Contributory System	51,679	-
Tier 2 DC Only System	2,055	-

* Tier 2 plan contributions include required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans and for death benefits.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2016, the District reported a net pension asset of \$82 and a net pension liability of \$2,010,731. The net pension asset and liability were measured as of December 31, 2015, and the total pension asset and liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2015. The District’s

PIUTE COUNTY SCHOOL DISTRICT
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proportion of the net pension asset and liability were based on a projection of the District's long-term share of contributions to the defined benefit pension plans relative to the projected contributions of all participating employers. At December 31, 2015, the District's proportionate shares in the defined benefit pension plans were as follows:

	Proportionate Share	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	0.0640098%	\$ -	\$ 2,010,731
Tier 2 Contributory System	0.0376190%	82	-
Total		\$ 82	\$ 2,010,731

For the year ended June 30, 2016, the District recognized pension expense of \$389,425. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 158,149
Changes of assumptions	-	39,992
Net difference between projected and actual earnings on pension plan investments	522,568	-
Changes in proportion and differences between contributions and proportionate share of contributions	6,251	-
District contributions subsequent to the measurement date	212,785	-
Total	\$ 741,604	\$ 198,141

The \$212,785 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2015 will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

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<u>Year Ending June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2017	\$ 70,846
2018	70,846
2019	76,262
2020	113,839
2021	(209)
Thereafter	(906)

Actuarial assumptions – The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50% 10.50%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2013.

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The long-term expected rate of return on defined benefit pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are 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 by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**PIUTE COUNTY SCHOOL DISTRICT
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<u>Asset Class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Allocation</u>	<u>Arithmetic Basis</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Total	<u>100%</u>		5.23%
Inflation			<u>2.75%</u>
Expected arithmetic nominal return			<u>7.98%</u>

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75% and a real return of 4.75% that is net of investment expense.

Discount rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions all participating employers will be made at contractually required rates, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 was not changed from the prior measurement date.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District’s 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%) or 1-percentage-point higher (8.50%) than the current rate:

**PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension (asset) liability:			
Noncontributory System	\$ 3,639,347	\$ 2,010,731	\$ 645,134
Tier 2 Contributory System	15,060	(82)	(11,558)
Total	\$ 3,654,407	\$ 2,010,649	\$ 633,576

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued URS financial report.

Separation Payments Plan OPEB – The District has a separation payments plan for all eligible employees who retire after meeting certain criteria. To be eligible for the plan employees must meet certain requirements as set forth in the plan as amended by District policy #2053 “Retirement Incentive Policy”. The liability under this plan at June 30, 2016 was \$428,306.

Defined Contribution Savings Plans.

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report. Rich School District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- * 401(k) Plan
- * Roth IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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	2016	2015	2014
401(k) Plan			
Employer Contributions	\$ 34,618	\$ 38,463	\$ 35,819
Employee Contributions	\$ 38,829	\$ 38,882	\$ 36,102
Roth IRA Plan			
Employer Contributions	n/a	n/a	n/a
Employee Contributions	\$ 3,400	\$ 2,400	\$ 2,300

6. RISK MANAGEMENT

The District 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. The District has joined with other public entities in a common risk management and insurance program operated by the State of Utah Division of Risk Management. The District pays premiums to this risk pool, the Utah State Risk Management Fund, for its general insurance coverage. The pool is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of specified amounts for certain types of risks. The District is subject to a minimal deductible for claims of the risk pool. The District has purchased commercial insurance for other risks of loss including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 4,435,000	\$ -	\$ -	\$ 4,435,000	\$ -
Lease revenue bonds	1,065,000	-	-	1,065,000	-
Total bonds payable, net	<u>5,500,000</u>	<u>-</u>	<u>-</u>	<u>5,500,000</u>	<u>-</u>
Obligations under capital leases	61,235		(19,601)	41,634	20,535
Notes payable	187,501	-	(20,833)	166,668	20,833
Net pension liability	1,599,079	843,003	(431,351)	2,010,731	
Arbitrage rebate payable	-	-		-	-
Accrued vacation or sick pay	108,000	-	(23,852)	84,148	-
Post employment benefits	473,090	-	(44,784)	428,306	
Total governmental activity					
long-term liabilities	<u>\$ 7,928,905</u>	<u>\$ 843,003</u>	<u>\$ (540,421)</u>	<u>\$ 8,231,487</u>	<u>\$ 41,368</u>

Payments on the general obligation bonds are made by the debt service fund from property taxes and earnings on investments. Lease revenue bonds are paid from a tax levy in the capital projects fund. The obligations under capital leases are paid by the capital projects fund or general fund depending on the lease type. Vacation, sick leave, and early retirement benefits will be paid by the fund in which the employee worked.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

General Obligation Bonds – During 2010 the District issued General Obligation QSCB School Building bonds in the amount of \$4,435,000. The proceeds are to be used for the remodel and construction of Piute High School located in Junction, Utah. The bonds will mature on April 15, 2027. However, the District is required to make annual deposits to a sinking fund account to be held by the paying agent. These bonds carry an annual interest rate of 5.71%. The District is required to make annual interest payments on the outstanding bonds; however, it is anticipated that annually the District will receive a subsidy from the Federal government to cover the interest payment. The required debts service schedule is as follows:

Fiscal Year Ending June 30	\$4,435,000 Series 2010		Federal Interest Subsidy (1)	Estimated Annual Contributions to Sinking Fund (2)	Total Payment Required for Debt Service (2)
	Principal	Interest			
2017	\$ -	\$ 253,239	\$ (253,239)	\$ 260,882	\$ 260,882
2018	-	253,239	(253,239)	260,882	260,882
2019	-	253,239	(253,239)	260,882	260,882
2020	-	253,239	(253,239)	260,882	260,882
2021	-	253,239	(253,239)	260,882	260,882
2022	-	253,239	(253,239)	260,882	260,882
2023	-	253,239	(253,239)	260,882	260,882
2024	-	253,239	(253,239)	260,882	260,882
2025	-	253,239	(253,239)	260,882	260,882
2026	-	253,239	(253,239)	260,882	260,882
2027	4,435,000	253,239	(253,239)	260,882	260,882
Totals	<u>\$ 4,435,000</u>	<u>\$2,785,629</u>	<u>\$ (2,785,629)</u>	<u>\$ 2,869,702</u>	<u>\$ 2,869,702</u>

(1) Assumes all interest due will be paid from the federal interest rate subsidy.

(2) The District will contribute \$260,882 annually to a sinking fund account.

The balance in the sinking fund account at June 30, 2016 is \$1,569,527.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

MBA Lease Revenue Bonds – During 2010 the Municipal Building Authority of the District issued \$1,065,000 QSCB School Building Lease Revenue Bonds. The proceeds of these bonds are to be used in connection with the remodel and construction of Piute High School located in Junction, Utah. The bonds will mature on April 15, 2027. However, the District is required to make annual deposits to a sinking fund account to be held by the paying agent. These bonds carry an annual interest rate of 7.89%. The District is required to make annual interest payments on the outstanding bonds; however, it is anticipated that annually the District will receive a subsidy from the Federal government to cover the interest payments up to 5.80%. The required debts service schedule is as follows:

Fiscal Year Ending June 30	\$1,065,000 Series 2010		Federal Interest Subsidy (1)	Estimated Annual Contributions to Sinking Fund (2)	Total Payment Required for Debt Service (2)
	Principal	Interest			
2017	\$ -	\$ 84,029	\$ (61,770)	\$ 62,647	\$ 84,906
2018	-	84,029	(61,770)	62,647	84,906
2019	-	84,029	(61,770)	62,647	84,906
2020	-	84,029	(61,770)	62,647	84,906
2021	-	84,029	(61,770)	62,647	84,906
2022	-	84,029	(61,770)	62,647	84,906
2023	-	84,029	(61,770)	62,647	84,906
2024	-	84,029	(61,770)	62,647	84,906
2025	-	84,029	(61,770)	62,647	84,906
2026	-	84,029	(61,770)	62,647	84,906
2027	1,065,000	84,029	(61,770)	62,648	84,907
Totals	<u>\$ 1,065,000</u>	<u>\$ 924,319</u>	<u>\$ (679,470)</u>	<u>\$ 689,118</u>	<u>\$ 933,967</u>

(1) Assumes interest due will be paid from the federal interest rate subsidy upto 5.8%.

(2) The District will contribute \$62,647 annually to a sinking fund account.

The balance in the sinking fund account at June 30, 2015 is \$376,899

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note Payable – During the year ending June 30, 2012 the District obtained a loan from the Utah State Department of Finance for energy improvements made on the remodel of the high school. The note does not bear interest and is payable over a 12 year period. Debt service requirements are as follows:

Fiscal Year Ending June 30	\$250,000 Note Payable		Total Payment Required for Debt Service
	Principal	Fee	
2017	\$ 20,833	\$ 125	\$ 20,958
2018	20,833	125	20,958
2019	20,833	125	20,958
2020	20,833	125	20,958
2021	20,833	125	20,958
2022	20,833	125	20,958
2023	20,833	125	20,958
2024	20,837	125	20,962
Totals	<u>\$ 166,668</u>	<u>\$ 1,000</u>	<u>\$ 167,668</u>

Obligations Under Capital Lease – The District obtained equipment and buses under capital lease arrangements. Annual payments are funded either through the capital projects fund or from transportation. The future minimum lease payments are as follows:

	Principal	Interest	Total
2017	\$ 20,535	\$ 1,145	\$ 21,680
2018	21,100	965	22,065
Totals	<u>\$ 41,635</u>	<u>\$ 2,110</u>	<u>\$ 43,745</u>

**PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

8. COMMITTED FOR ECONOMIC STABILIZATION

Utah State law allows for the establishment of an undistributed reserve. The Board of Education must authorize expenditures from the undistributed reserve. This reserve is for contingencies. According to State law, the District may not use undistributed reserves in the negotiation or settlement of contract salaries for District employees. The undistributed reserve may not exceed 5% of the current fiscal year's total general fund budgeted revenues. Use of the reserve requires a written resolution adopted by a majority vote of the Board filed with Utah State Board of Education and State Auditor.

9. GRANTS

The District receives significant financial assistance from Federal and State governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. Based on prior experience, District administration believes such disallowance, if any, would be immaterial.

10. INTER FUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end the District had an inter fund loan in the amount of \$1,796 between the General Fund and the School Lunch Fund. This inter fund loan has been eliminated at the government-wide level.

The following fund transfers occurred during the year:

Fund	Transfer Out	Transfer In
General Fund	\$ (35,000)	\$ -
Food Service Fund	-	35,000
Capital Projects Fund	(87,349)	-
Municipal Building Fund	-	87,349
Total Fund Transfers	\$ (122,349)	\$ 122,349

The above transfers were made in the general course of annual operations.

PIUTE COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Governmental funds report revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the fiscal year the various components of deferred inflows of resources and unearned revenue reported in the governmental funds consisted of the following:

Type	Unavailable	Unearned
Property Tax Receivable - General Fund	\$ 404,464	\$ 47,787
Property Tax Receivable - Debt Service Fund	242,600	-
Property Tax Receivable - Capital Projects Fund	16,698	-
Total deferred/unearned revenue for govtl funds	<u>\$ 663,762</u>	<u>\$ 47,787</u>

REQUIRED SUPPLEMENTARY INFORMATION

PIUTE COUNTY SCHOOL DISTRICT
Required Supplementary Information
Year Ended June 30, 2016

District Separation Payments Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
07/01/2006	\$ -	\$ 241,671	\$ 241,671	0.00%	\$ 1,902,169	12.71%

PIUTE COUNTY SCHOOL DISTRICT
Schedules of the District's Proportionate Share of the Net Pension Liability (Asset)
Utah Retirement Systems
Plan Years Ended December 31, 2014 and 2015

	2014	2015
Tier 1 Noncontributory System:		
District's proportion of the net pension liability (asset)	0.6364420%	0.6400980%
District's proportionate share of the net pension liability (asset)	\$ 1,599,079	\$ 2,010,731
District's covered-employee payroll	\$ 1,769,266	\$ 1,740,367
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	90.4%	115.5%
Plan fiduciary net position as a percentage of the total pension liability	87.2%	84.5%
Tier 2 Contributory System:		
District's proportion of the net pension liability (asset)	0.2565550%	0.3761900%
District's proportionate share of the net pension liability (asset)	\$ (777)	\$ (82)
District's covered-employee payroll	\$ 125,991	\$ 242,938
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.6%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	103.5%	100.2%

These schedules only present information for the 2014 and 2015 measurement periods of the plans; prior-year information is not available.

PIUTE COUNTY SCHOOL DISTRICT
Schedules of District Contributions
Utah Retirement Systems
Years Ended June 30, 2015 and 2016

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Tier 1 Noncontributory System:			
Contractually required contribution	\$ 350,186	\$ 382,938	\$ 377,629
Contributions in relation to the contractually required contribution	<u>(350,186)</u>	<u>(382,938)</u>	<u>(377,629)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,757,961	\$ 1,769,329	\$ 1,724,108
Contributions as a percentage of covered-employee payroll	19.9%	21.6%	21.9%
Tier 2 Contributory System:			
Contractually required contribution	\$ 15,263	\$ 41,402	\$ 53,734
Contributions in relation to the contractually required contribution	<u>(15,263)</u>	<u>(41,402)</u>	<u>(53,734)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 129,790	\$ 259,807	\$ 303,746
Contributions as a percentage of covered-employee payroll	11.8%	15.9%	17.7%

These schedules only present information for the District's 2014, 2015, Aand 2016 reporting periods; prior-year information is not available. Contributions as a percentage of covered-employee payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. Tier 2 plan contributions include required contributions to finance the unfunded actuarial accrued liability of the Tier 1 plans and for death benefits.

PIUTE COUNTY SCHOOL DISTRICT
Notes to Required Supplementary Information
JUNE 30, 2016

Other information that is not required as part of RSI

This information below is not required as part of GASB 68 but is provided for informational purposes. The schedule below is a summary of Defined Contribution Savings Plans for pay periods January 1 – December 31.

Changes in assumptions-Utah Retirement Systems – Amounts reported in plan year 2015 reflect the following assumption changes adopted from the January 1, 2015 valuation:

- The wage inflation assumption for all employee groups was decreased from 3.75% to 3.50%.
- The rate of salary increases assumption for most groups was modified.
- The payroll growth assumption was decreased from 3.50% to 3.25%.
- The post retirement mortality assumption for female educators showed an improvement.
- Minor adjustments to the preretirement mortality assumption were made.
- Certain demographic assumptions were changed that generally resulted in a) an increase in members anticipated to terminate employment prior to retirement, b) a slight decrease in members expected to become disabled, and 3) a slight increase in the expected age of retirement.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

School Lunch Fund – This fund is used to account for the food service activities of the District as required by state and federal law. Financing is provided by local sales along with substantial subsidies from the State of Utah and the U.S. Government to help ensure that students receive low-cost, nutritionally balanced meals.

Scholarship Fund – This fund is used to account for a perpetual scholarship fund for graduating seniors.

Student Activity Fund – This fund is used to account for fees, revenues, and expenditures related to student activity funds at the school level.

Municipal Building Authority – This fund is used to account for lease revenue payments from the District that are paid to the MBA and are in turn used to service the debt associated with the lease revenue bonds issued in 2010.

PIUTE COUNTY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	<u>Special Revenue</u>				Total Nonmajor Governmental Funds
	School Lunch	Scholarship Fund	Municipal Building Authority	Student Activity Fund	
Assets:					
Cash and investments	\$ -	\$ 94,963	\$ -	\$ 83,619	\$ 178,582
Cash and investments-restricted	-	-	376,930	-	376,930
Receivables:					
Other governments	11,955	-	-	-	11,955
Inventory	4,440	-	-	-	4,440
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 16,395</u>	<u>\$ 94,963</u>	<u>\$ 376,930</u>	<u>\$ 83,619</u>	<u>\$ 571,907</u>
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 4,058	\$ 4,058
Due to other funds	1,796	-	-	-	1,796
Unearned revenue:					
Other governments	-	-	-	-	-
Total liabilities	<u>1,796</u>	<u>-</u>	<u>-</u>	<u>4,058</u>	<u>5,854</u>
Fund balances:					
Non Spendable:					
Inventories	4,440	-	-	-	4,440
Restricted for:					
Debt service	-	-	376,930	-	376,930
Food services	10,159	-	-	-	10,159
Other	-	94,963	-	-	94,963
Committed to:					
Schools	-	-	-	79,561	79,561
Unassigned:	-	-	-	-	-
Total fund balances	<u>14,599</u>	<u>94,963</u>	<u>376,930</u>	<u>79,561</u>	<u>566,053</u>
Total liabilities and fund balances	<u>\$ 16,395</u>	<u>\$ 94,963</u>	<u>\$ 376,930</u>	<u>\$ 83,619</u>	<u>\$ 571,907</u>

PIUTE COUNTY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

	<u>Special Revenue</u>				Total Nonmajor Governmental Funds
	School Lunch	Scholarship Fund	Municipal Building Authority	Student Activity Fund	
Revenues:					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Student fees	-	-	-	267,398	267,398
Lunch sales	33,545	-	-	-	33,545
Earnings on investments	-	12,449	2,437	-	14,886
Other local revenues	-	-	-	-	-
State aid	31,130	-	-	-	31,130
Federal aid	154,049	-	57,415	-	211,464
Total revenues	<u>218,724</u>	<u>12,449</u>	<u>59,852</u>	<u>267,398</u>	<u>558,423</u>
Expenditures:					
Current:					
Instructional services	-	-	-	251,767	251,767
Supporting services:					
Other services	-	-	-	-	-
Debt Service:					
Interest payments	-	-	84,029	-	84,029
Principal retirements	-	-	-	-	-
School lunch services	248,574	-	-	-	248,574
Total expenditures	<u>248,574</u>	<u>-</u>	<u>84,029</u>	<u>251,767</u>	<u>584,370</u>
Excess of revenues over expenditures	(29,850)	12,449	(24,177)	15,631	(25,947)
Other financing sources:					
Transfer in (out)	35,000	-	87,349	-	122,349
Net change in fund balances	5,150	12,449	63,172	15,631	96,402
Fund balances - beginning	<u>9,449</u>	<u>82,514</u>	<u>313,758</u>	<u>63,930</u>	<u>469,651</u>
Fund balances - ending	<u>\$ 14,599</u>	<u>\$ 94,963</u>	<u>\$ 376,930</u>	<u>\$ 79,561</u>	<u>\$ 566,053</u>

PIUTE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Food Services
Nonmajor Special Revenue Fund
Year Ended June 30, 2016
With Comparative Totals for 2015

	2016		Variance with Final Budget - Positive (Negative)	2015
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local sources:				
Lunch sales - children	\$ 22,446	\$ 28,170	\$ 5,724	\$ 24,392
Lunch Sales - adult	4,933	5,375	442	5,587
Total local sources	<u>27,379</u>	<u>33,545</u>	<u>6,166</u>	<u>29,979</u>
State sources:				
State lunch program	32,469	31,130	(1,339)	31,107
Total state sources	<u>32,469</u>	<u>31,130</u>	<u>(1,339)</u>	<u>31,107</u>
Federal sources:				
Federal lunch program	14,900	29,982	15,082	27,167
Free and reduced assistance	79,500	88,761	9,261	84,501
Breakfast program	30,010	35,306	5,296	30,437
Total federal sources	<u>124,410</u>	<u>154,049</u>	<u>29,639</u>	<u>142,105</u>
Total revenues	<u>184,258</u>	<u>218,724</u>	<u>34,466</u>	<u>203,191</u>
Expenditures:				
Current:				
Salaries	81,495	81,843	(348)	81,689
Employee benefits	22,581	22,319	262	23,199
Purchased services	774	910	(136)	1,169
Supplies	2,919	17,052	(14,133)	11,542
Food	135,500	120,462	15,038	118,586
Other	6,199	5,988	211	4,282
Total expenditures	<u>249,468</u>	<u>248,574</u>	<u>894</u>	<u>240,467</u>
Excess (deficiency) of revenues over expenditures	(65,210)	(29,850)	35,360	(37,276)
Other financing sources and (uses)				
Transfers in	65,000	35,000	(30,000)	35,000
Transfers out	-	-	-	-
Net change in fund balances	<u>(210)</u>	<u>5,150</u>	<u>5,360</u>	<u>(2,276)</u>
Fund balances - beginning	<u>9,449</u>	<u>9,449</u>	<u>-</u>	<u>11,725</u>
Fund balances - ending	<u>\$ 9,239</u>	<u>\$ 14,599</u>	<u>\$ 5,360</u>	<u>\$ 9,449</u>

PIUTE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Student Activity Fund
Nonmajor Special Revenue Fund
Year Ended June 30, 2016
With Comparative Totals for 2015

	2016			2015
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Student fees	230,376	267,398	37,022	254,844
Total local sources	<u>230,376</u>	<u>267,398</u>	<u>37,022</u>	<u>254,844</u>
Expenditures:				
Current:				
Fees and Supplies	252,125	251,767	358	280,878
Total expenditures	<u>252,125</u>	<u>251,767</u>	<u>358</u>	<u>280,878</u>
Excess (deficiency) of revenues over (under) expenditures	(21,749)	15,631	37,380	(26,034)
Other financing sources:				
Transfer in	-	-	-	-
Net change in fund balances	(21,749)	15,631	37,380	(26,034)
Fund balances - beginning	<u>63,930</u>	<u>63,930</u>	<u>-</u>	<u>89,964</u>
Fund balances - ending	<u><u>\$ 42,181</u></u>	<u><u>\$ 79,561</u></u>	<u><u>\$ 37,380</u></u>	<u><u>\$ 63,930</u></u>

PIUTE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Municipal Building Authority Fund
Nonmajor Special Revenue Fund
Year Ended June 30, 2016

	2016		Variance with Final Budget - Positive (Negative)	2015
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Earnings on investments	\$ 3,000	\$ 2,437	\$ (563)	\$ 1,374
Federal interest subsidy	57,415	57,415	-	57,292
Total revenues	<u>60,415</u>	<u>59,852</u>	<u>(563)</u>	<u>58,666</u>
Expenditures:				
Debt service:				
Bond principal	-	-	-	-
Bond interest	87,335	84,029	3,306	84,029
Total expenditures	<u>87,335</u>	<u>84,029</u>	<u>3,306</u>	<u>84,029</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,920)</u>	<u>(24,177)</u>	<u>2,743</u>	<u>(25,363)</u>
Other financing sources (uses):				
Transfers in	89,135	87,349	(1,786)	88,158
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>89,135</u>	<u>87,349</u>	<u>(1,786)</u>	<u>88,158</u>
Net change in fund balances	62,215	63,172	957	62,795
Fund balance - beginning	<u>313,758</u>	<u>313,758</u>	<u>-</u>	<u>250,963</u>
Fund balance - ending	<u>\$ 375,973</u>	<u>\$ 376,930</u>	<u>\$ 957</u>	<u>\$ 313,758</u>

PIUTE COUNTY SCHOOL DISTRICT
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
Scholarship Fund
Nonmajor Special Revenue Fund
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues:		
Local sources:		
Contributions	\$ -	\$ -
Earnings on investments	12,449	4,854
Total revenues	<u>12,449</u>	<u>4,854</u>
Expenditures:		
Current:		
Scholarships and other expenditures	-	-
Total expenditures	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	12,449	4,854
Other financing sources (uses):		
Transfers in	-	-
Net change in fund balances	12,449	4,854
Fund balances - beginning	<u>82,514</u>	<u>77,660</u>
Fund balances - ending	<u>\$ 94,963</u>	<u>\$ 82,514</u>

MAJOR GOVERNMENTAL FUNDS

General Fund – This fund services primary on-going operation of the District. It is used to account for activity and financial resources that are not required to be accounted for in other funds.

Debt Service Fund - The Debt Service Fund is used to account for the receipt of property taxes levied for retirement of general obligation debt. The expenditures are for principal retirement and for payment of interest and fees.

Capital Projects Fund - The Capital Projects Fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. Financing is provided by an annual property tax levy. Also, state funds can be obtained by qualifying under guidelines established for districts determined to be in critical need for construction building aid.

PIUTE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Debt Service Fund
Year Ended June 30, 2016

	2016		Variance with Final Budget - Positive (Negative)	2015
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Property tax	\$ 298,750	\$ 314,258	\$ 15,508	\$ 320,847
Federal interest subsidy	235,385	235,385	-	234,879
Earnings on investments	9,381	10,059	678	5,676
Total revenues	<u>543,516</u>	<u>559,702</u>	<u>16,186</u>	<u>561,402</u>
Expenditures:				
Debt service:				
Bond principal	-	-	-	-
Bond interest and charges	261,600	255,349	6,251	255,275
Total expenditures	<u>261,600</u>	<u>255,349</u>	<u>6,251</u>	<u>255,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>281,916</u>	<u>304,353</u>	<u>22,437</u>	<u>306,127</u>
Other financing sources (uses):				
Proceeds of refunding bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	281,916	304,353	22,437	306,127
Fund balance - beginning	<u>1,837,396</u>	<u>1,837,396</u>	<u>-</u>	<u>1,531,269</u>
Fund balance - ending	<u><u>\$ 2,119,312</u></u>	<u><u>\$ 2,141,749</u></u>	<u><u>\$ 22,437</u></u>	<u><u>\$ 1,837,396</u></u>

PIUTE COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Capital Projects Fund
Year Ended June 30, 2016
With Comparative Totals for 2015

	2016		Variance with Final Budget - Positive (Negative)	2015
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 20,644	\$ 21,737	\$ 1,093	\$ 20,361
Earnings on investments	-	-	-	-
Other local revenues	38,336	38,412	76	5,000
Total local sources	<u>58,980</u>	<u>60,149</u>	<u>1,169</u>	<u>25,361</u>
State sources:				
Capital outlay foundation	200,000	200,000	-	200,000
Other	-	-	-	-
Total state sources	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total revenues	<u>258,980</u>	<u>260,149</u>	<u>1,169</u>	<u>225,361</u>
Expenditures:				
Land and buildings:				
Land improvements	-	-	-	189,577
Building improvements	275,452	190,152	85,300	-
Total land and buildings	<u>275,452</u>	<u>190,152</u>	<u>85,300</u>	<u>189,577</u>
Equipment:				
Equipment	-	-	-	-
Debt principal paid and fees	20,958	20,958	-	20,958
Buses	-	-	-	-
Total equipment	<u>20,958</u>	<u>20,958</u>	<u>-</u>	<u>20,958</u>
Total expenditures	<u>296,410</u>	<u>211,110</u>	<u>85,300</u>	<u>210,535</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(37,430)</u>	<u>49,039</u>	<u>86,469</u>	<u>14,826</u>
Other Financing Sources (Uses):				
Transfer in	-	-	-	500,000
Transfer out	(89,135)	(87,349)	1,786	(88,158)
Equipment capital lease or other loan proceeds	-	-	-	-
Total other financing sources (uses)	<u>(89,135)</u>	<u>(87,349)</u>	<u>1,786</u>	<u>411,842</u>
Net change in fund balances	(126,565)	(38,310)	88,255	426,668
Fund balance - beginning	<u>612,498</u>	<u>612,498</u>	<u>-</u>	<u>185,830</u>
Fund balance - ending	<u>\$ 485,933</u>	<u>\$ 574,188</u>	<u>\$ 88,255</u>	<u>\$ 612,498</u>



Statistical Section

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These schedules contain trend information to help the reader understand how the Districts financial performance and well-being have changed over time.

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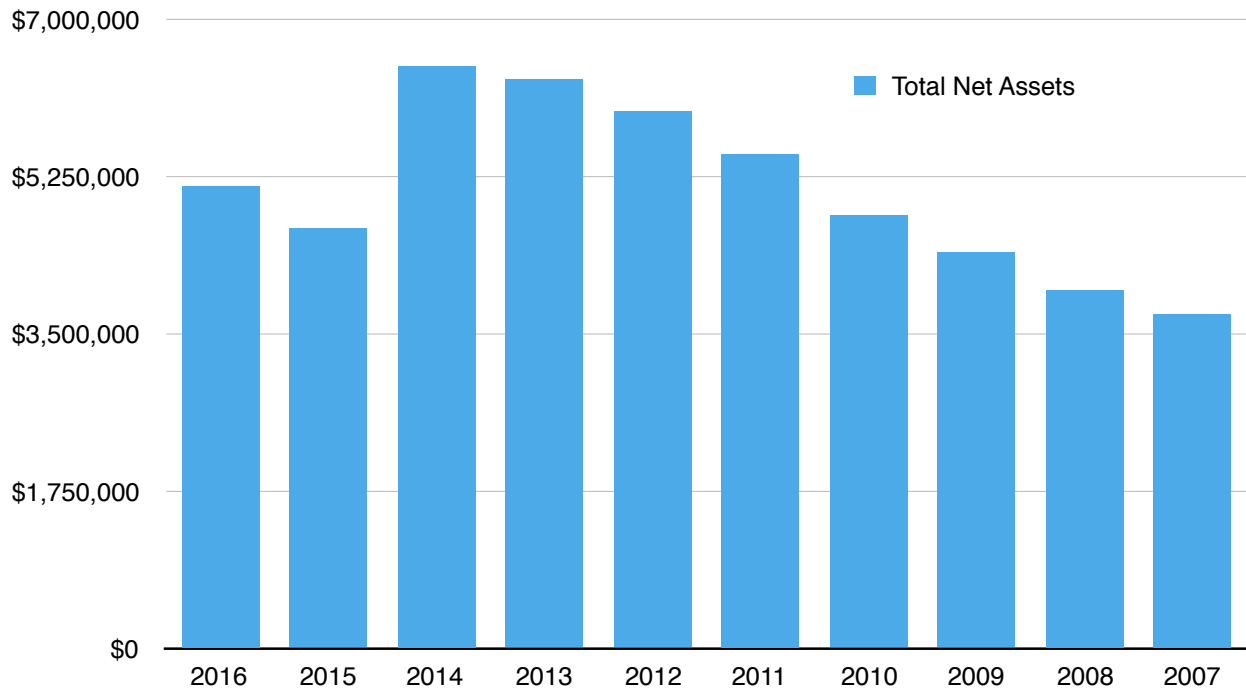
Piute County School District
Comparative Statements of Net Position
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Assets										
Cash and Investments	\$ 3,256,609	\$ 3,019,300	\$ 3,257,668	\$ 3,206,476	\$ 3,125,969	\$ 3,923,643	\$ 7,510,501	\$ 2,780,565	\$ 2,235,774	\$ 1,982,333
Cash and Investments Restricted	\$ 1,946,457	\$ 1,620,380	\$ 1,296,061	\$ 972,138	\$ 647,610					
Receivables										
Property Taxes	\$ 738,724	\$ 683,056	\$ 648,602	\$ 580,739	\$ 574,909	\$ 567,498	\$ 298,695	\$ 316,479	\$ 335,446	\$ 348,349
Other Governments	\$ 232,119	\$ 249,598	\$ 94,260	\$ 145,580	\$ 77,528	\$ 40,823	\$ 443,592	\$ 16,072	\$ 12,069	
Prepaid Expenses	\$ 0	\$ 0	\$ 35,344	\$ 35,344	\$ 35,344	\$ 35,344	\$ 35,344			
Inventories	\$ 4,440	\$ 4,275	\$ 4,150	\$ 3,050	\$ 3,310	\$ 2,990	\$ 2,780	\$ 2,505	\$ 2,755	\$ 3,063
Net Pension Asset	\$ 82	\$ 777								
Net Bond Issuance Costs					\$ 141,152	\$ 150,732	\$ 160,312		\$ 2,468	\$ 4,932
Capital Assets (Net of Accumulated Depreciation)										
Land and Construction Progress	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 6,207,222	\$ 5,480,821	\$ 820,797	\$ 125,000	\$ 125,000	\$ 125,000
Other Capital Assets*	\$ 7,780,965	\$ 7,986,910	\$ 8,113,551	\$ 8,338,166	\$ 2,365,191	\$ 2,494,707	\$ 2,635,304	\$ 2,252,622	\$ 2,151,893	\$ 2,160,873
Total Assets	\$ 14,084,396	\$ 13,689,296	\$ 13,574,636	\$ 13,406,493	\$ 13,178,235	\$ 12,696,558	\$ 11,907,325	\$ 5,493,243	\$ 4,865,405	\$ 4,624,550
Deferred Outflows Related to Pensions	\$ 741,604	\$ 239,068								
Liabilities										
Accounts Payable	\$ 275,973	\$ 240,883	\$ 181,576	\$ 176,799	\$ 292,801	\$ 517,770	\$ 645,038	\$ 181,131	\$ 68,563	\$ 12,200
Accrued Interest	\$ 62,561	\$ 63,066	\$ 64,761	\$ 51,564	\$ 50,695	\$ 51,074	\$ 45,476	\$ 2,536	\$ 3,046	\$ 3,022
Accrued Salaries	\$ 256,831	\$ 206,999	\$ 204,211	\$ 183,852	\$ 252,601	\$ 260,022	\$ 254,862	\$ 253,863	\$ 163,598	\$ 153,046
Unearned Revenue										
Other Governments	\$ 0	\$ 0	\$ 25,000		\$ 24,816	\$ 24,496	\$ 49,791	\$ 53,192	\$ 52,238	\$ 56,032
Noncurrent Liabilities										
Due Within One Year	\$ 41,368	\$ 40,818	\$ 58,863	\$ 57,715	\$ 38,079	\$ 16,580	\$ 34,131	\$ 32,767	\$ 85,974	\$ 80,378
Due In More Than One Year	\$ 8,190,119	\$ 7,888,087	\$ 5,980,596	\$ 6,027,224	\$ 5,973,592	\$ 5,750,324	\$ 5,755,957	\$ 253,336	\$ 180,246	\$ 265,740
Total Liabilities	\$ 8,826,852	\$ 8,439,853	\$ 6,515,007	\$ 6,497,154	\$ 6,632,584	\$ 6,620,266	\$ 6,785,255	\$ 776,825	\$ 553,665	\$ 570,418
Deferred Inflows of Resources										
Deferred Inflows Related to Pensions	\$ 198,141	\$ 149,878								
Property Taxes Levied for Future Year	\$ 663,762	\$ 668,306	\$ 587,312	\$ 580,739	\$ 574,909	\$ 567,498	\$ 298,695	\$ 298,695	\$ 322,023	\$ 316,886
Total Deferred Inflows of Resources	\$ 861,903	\$ 818,184	\$ 587,312	\$ 580,739	\$ 574,909	\$ 567,498	\$ 298,695	\$ 298,695	\$ 322,023	\$ 316,886
Net Position:										
Net Investment in Capital Assets	\$ 2,197,662	\$ 2,363,173	\$ 2,430,566	\$ 2,597,466	\$ 2,768,634	\$ 2,405,169	\$ 2,495,402	\$ 2,256,840	\$ 2,156,612	\$ 2,085,214
Restricted for:										
School Lunch	\$ 14,599	\$ 9,449	\$ 11,725	\$ 6,587	\$ 4,462	\$ 4,176	\$ 4,019	\$ 4,028	\$ 4,049	\$ 3,815
Non-K12 Programs	\$ 0	\$ 0	\$ 75,375	\$ 94,408	\$ 77,044	\$ 112,801	\$ 135,916	\$ 133,458	\$ 132,548	\$ 132,548
Student Activity Fund	\$ 79,561	\$ 63,930	\$ 89,964	\$ 90,141	\$ 76,985	\$ 86,866	\$ 70,271	\$ 82,038	\$ 77,344	
Scholarship Fund	\$ 94,963	\$ 82,514	\$ 77,660	\$ 69,491	\$ 59,689	\$ 60,029	\$ 40,546	\$ 36,013	\$ 40,375	
Debt Service	\$ 2,456,118	\$ 2,088,088	\$ 1,717,471	\$ 1,363,909	\$ 955,458	\$ 591,122	\$ 251,079	\$ 293,392	\$ 265,769	\$ 235,601
Capital Projects	\$ 574,188	\$ 612,498	\$ 185,830	\$ 246,693	\$ 244,813	\$ 539,825	\$ 250,251	\$ 358,177	\$ 202,511	\$ 178,341
Unrestricted	\$ (279,847)	\$ (549,326)	\$ 1,883,725	\$ 1,859,904	\$ 1,783,656	\$ 1,708,805	\$ 1,575,890	\$ 1,253,776	\$ 1,110,508	\$ 1,101,727
Total Net Position	\$ 5,137,244	\$ 4,670,326	\$ 6,472,316	\$ 6,328,599	\$ 5,970,741	\$ 5,508,793	\$ 4,823,374	\$ 4,417,722	\$ 3,989,716	\$ 3,737,246

Source: Information taken from the District's audited financial statements. This summary itself has not been audited.

**Piute County School District
Net Position by Component
Last Ten Fiscal Years**

Fiscal Year Ended	Invested in Capital Assets, Net of Related Debt	Restricted	Unrestricted	Total Net Assets
2016	\$ 2,197,662	\$ 3,219,429	\$ (279,847)	\$ 5,137,244
2015	\$ 2,363,173	\$ 2,856,479	\$ (549,326)	\$ 4,670,326
2014	\$ 2,430,566	\$ 2,158,025	\$ 1,883,725	\$ 6,472,316
2013	\$ 2,597,466	\$ 1,871,229	\$ 1,859,904	\$ 6,328,599
2012	\$ 2,768,634	\$ 1,418,451	\$ 1,783,656	\$ 5,970,741
2011	\$ 2,405,169	\$ 1,394,819	\$ 1,708,805	\$ 5,508,793
2010	\$ 2,495,402	\$ 752,082	\$ 1,575,890	\$ 4,823,374
2009	\$ 2,256,840	\$ 907,106	\$ 1,253,776	\$ 4,417,722
2008	\$ 2,156,612	\$ 722,596	\$ 1,110,508	\$ 3,989,716
2007	\$ 2,085,214	\$ 550,305	\$ 1,101,727	\$ 3,737,246



Source: District Data

Piute County School District
Changes in Net Position
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Instruction	\$ 3,403,905	\$ 3,732,328	\$ 3,004,891	\$ 2,861,866	\$ 3,121,625	\$ 2,945,445	\$ 3,053,980	\$ 2,902,999	\$ 2,871,047	\$ 2,559,077
Support Services:										
Instructional Staff	\$ 19,906	\$ 19,527	\$ 9,977	\$ 15,248	\$ 21,048	\$ 25,191	\$ 23,326	\$ 24,453	\$ 30,298	\$ 22,040
District Administration	\$ 476,475	\$ 443,890	\$ 415,306	\$ 369,035	\$ 309,241	\$ 258,386	\$ 250,833	\$ 271,282	\$ 279,957	\$ 298,937
School Administration	\$ 170,815	\$ 222,747	\$ 219,548	\$ 211,112	\$ 128,184	\$ 128,114	\$ 126,846	\$ 345,937	\$ 243,148	\$ 320,770
Business	\$ 102,829	\$ 110,352	\$ 112,983	\$ 94,216	\$ 101,800	\$ 94,847	\$ 86,274	\$ 101,902	\$ 78,480	\$ 68,794
Operation & Maintenance of Plant	\$ 564,745	\$ 540,346	\$ 546,406	\$ 440,660	\$ 576,263	\$ 465,523	\$ 441,213	\$ 423,077	\$ 383,898	\$ 405,136
Transportation	\$ 281,611	\$ 317,989	\$ 356,657	\$ 437,023	\$ 313,690	\$ 311,874	\$ 294,580	\$ 406,448	\$ 343,802	\$ 247,384
School Lunch Services	\$ 251,686	\$ 241,512	\$ 245,418	\$ 238,872	\$ 237,944	\$ 220,809	\$ 211,475	\$ 217,987	\$ 198,142	\$ 174,965
Interest on Long Term Liabilities	\$ 342,600	\$ 341,336	\$ 356,608	\$ 341,821	\$ 340,016	\$ 328,184	\$ 45,150	\$ 5,860	\$ 10,131	\$ 12,640
Total Assets	\$ 5,614,572	\$ 5,970,027	\$ 5,267,794	\$ 5,009,853	\$ 5,149,811	\$ 4,778,373	\$ 4,533,677	\$ 4,699,945	\$ 4,438,903	\$ 4,109,743
Program Revenues										
Charges For Services	\$ 300,943	\$ 322,473	\$ 265,444	\$ 75,296	\$ 74,997	\$ 43,486	\$ 93,247	\$ 94,681	\$ 90,856	\$ 78,791
Operating Grants and Contributions	\$ 2,131,277	\$ 2,243,184	\$ 1,992,549	\$ 1,892,881	\$ 1,898,129	\$ 1,864,248	\$ 1,972,303	\$ 1,837,861	\$ 1,621,973	\$ 1,505,227
Capital Grants & Contributions	\$ 492,800	\$ 492,171	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 202,265	\$ 206,628	\$ 52,348	\$ 52,348
Total Program Revenues	\$ 2,925,020	\$ 3,057,828	\$ 2,457,993	\$ 2,168,177	\$ 2,173,126	\$ 2,107,734	\$ 2,267,815	\$ 2,139,170	\$ 1,765,177	\$ 1,636,366
General Revenues										
Property Taxes	\$ 881,081	\$ 771,636	\$ 770,714	\$ 827,955	\$ 712,297	\$ 628,253	\$ 366,574	\$ 437,251	\$ 438,366	\$ 455,862
Federal & State Aid Not Restricted To Specific Purposes	\$ 2,043,707	\$ 1,867,839	\$ 2,069,631	\$ 2,186,765	\$ 2,419,862	\$ 2,352,156	\$ 1,987,597	\$ 2,154,297	\$ 2,175,820	\$ 2,320,715
Earnings On Investments	\$ 33,309	\$ 19,668	\$ 22,665	\$ 26,637	\$ 15,965	\$ 35,951	\$ 23,394	\$ 27,480	\$ 53,892	\$ 55,799
Micellaneous	\$ 198,373	\$ 105,410	\$ 90,508	\$ 299,329	\$ 290,509	\$ 339,698	\$ 293,948	\$ 369,754	\$ 258,118	\$ 155,588
Total General Revenues	\$ 3,156,470	\$ 2,764,553	\$ 2,953,518	\$ 3,340,686	\$ 3,438,633	\$ 3,356,058	\$ 2,671,513	\$ 2,988,782	\$ 2,926,196	\$ 2,987,964
Total Revenues	\$ 6,081,490	\$ 5,822,381	\$ 5,411,511	\$ 5,508,863	\$ 5,611,759	\$ 5,463,792	\$ 4,939,328	\$ 5,127,952	\$ 4,691,373	\$ 4,624,330
Change In Net Position	\$ 466,918	\$ (147,646)	\$ 143,717	\$ 499,010	\$ 461,948	\$ 685,419	\$ 405,651	\$ 428,007	\$ 252,470	\$ 514,587
Net Position Beginning*	\$ 4,670,326	\$ 4,817,972	\$ 6,328,599	\$ 5,829,589	\$ 5,367,641	\$ 4,823,374	\$ 4,417,723	\$ 3,989,716	\$ 3,737,246	\$ 3,222,659
Net Position Ending	\$ 5,137,244	\$ 4,670,326	\$ 6,472,316	\$ 6,328,599	\$ 5,829,589	\$ 5,508,793	\$ 4,823,374	\$ 4,417,723	\$ 3,989,716	\$ 3,737,246

Source: District Data

Piute County School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years

General Fund *

Fiscal Year Ended June 30,	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2016	\$ 0	\$ 0	\$ 175,000	\$ 103,624	\$ 1,373,382	\$ 1,652,006
2015	\$ 0	\$ 0	\$ 175,000	\$ 300,125	\$ 1,065,751	\$ 1,540,876
2014	\$ 0	\$ 0	\$ 510,500	\$ 42,971	\$ 1,561,729	\$ 2,115,200
2013	\$ 0	\$ 0	\$ 510,500	\$ 88,137	\$ 1,480,505	\$ 2,079,142
2012	\$ 0	\$ 0	\$ 566,983	\$ 97,694	\$ 1,185,720	\$ 1,850,397
2011	\$ 0	\$ 0	\$ 175,000	\$ 97,694	\$ 1,481,925	\$ 1,754,619

All Other Governmental Funds *

Fiscal Year Ended June 30,	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2016	\$ 4,440	\$ 3,197,989	\$ 79,561	\$ 0	\$ 0	\$ 3,281,990
2015	\$ 4,275	\$ 2,851,340	\$ 63,930	\$ 0	\$ 0	\$ 2,919,545
2014	\$ 4,150	\$ 2,053,297	\$ 165,339	\$ 0	\$ 0	\$ 2,222,786
2013	\$ 3,050	\$ 1,735,194	\$ 184,549	\$ 0	\$ 0	\$ 1,922,793
2012	\$ 0	\$ 1,315,117	\$ 154,029	\$ 0	\$ 0	\$ 1,469,146
2011	\$ 0	\$ 1,246,226	\$ 199,667	\$ 0	\$ 0	\$ 1,445,893

General Fund (2010 and Prior) *

Fiscal Year Ended June 30,	Reserved	Unreserved	Total
2010	\$ 0	\$ 1,601,077	\$ 1,601,077
2009	\$ 0	\$ 1,419,098	\$ 1,419,098
2008	\$ 0	\$ 1,253,980	\$ 1,253,980
2007	\$ 0	\$ 1,242,255	\$ 1,242,255

All Other Governmental Funds (2010 and Prior) *

Fiscal Year Ended June 30,	Reserved	Unreserved Special Revenue	Unreserved Capital Projects	Unreserved Debt Service	Total
2010	\$ 296,555	\$ 250,752	\$ 4,894,142	\$ 0	\$ 5,441,449
2009	\$ 295,928	\$ 255,537	\$ 358,177	\$ 0	\$ 909,642
2008	\$ 268,815	\$ 254,316	\$ 202,511	\$ 0	\$ 725,642
2007	\$ 238,622	\$ 136,363	\$ 178,341	\$ 0	\$ 553,326

* GASB Statement 54 changed the required components of fund balance to: Nonspendable, Restricted, Committed, Assigned & Unassigned. Prior to GASB 54, the components of fund balance were: Reserved and Unreserved.

Source: District Data

Piute County School District
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Property Taxes	\$ 833,294	\$ 771,636	\$ 770,714	\$ 827,955	\$ 712,297	\$ 628,253	\$ 366,574	\$ 437,251	\$ 438,366	\$ 455,862
Earnings On Investments	\$ 33,309	\$ 19,668	\$ 22,665	\$ 26,637	\$ 15,965	\$ 35,951	\$ 23,394	\$ 27,480	\$ 53,892	\$ 55,799
School Lunch Sales	\$ 33,545	\$ 29,979	\$ 32,606	\$ 32,834	\$ 32,819	\$ 37,426	\$ 40,527	\$ 41,961	\$ 50,467	\$ 41,835
Other Local Sources	\$ 465,771	\$ 397,904	\$ 323,346	\$ 341,791	\$ 332,687	\$ 345,758	\$ 346,668	\$ 422,474	\$ 298,507	\$ 192,544
State Aid	\$ 3,774,066	\$ 3,676,082	\$ 3,446,212	\$ 3,374,429	\$ 3,350,928	\$ 3,424,522	\$ 3,358,253	\$ 3,425,131	\$ 3,495,855	\$ 3,096,466
Federal Aid	\$ 893,718	\$ 927,112	\$ 815,968	\$ 905,217	\$ 1,167,063	\$ 991,882	\$ 803,912	\$ 773,655	\$ 354,286	\$ 781,824
Total Revenues	\$ 6,033,703	\$ 5,822,381	\$ 5,411,511	\$ 5,508,863	\$ 5,611,759	\$ 5,463,792	\$ 4,939,328	\$ 5,127,952	\$ 4,691,373	\$ 4,624,330
Expenditures:										
Current:										
Instructional Services	\$ 3,185,274	\$ 3,285,574	\$ 2,739,048	\$ 2,716,193	\$ 2,862,977	\$ 2,868,018	\$ 2,957,400	\$ 2,861,682	\$ 2,853,240	\$ 2,375,480
Support Services:										
Instructional Staff	\$ 20,325	\$ 20,979	\$ 9,977	\$ 15,248	\$ 21,048	\$ 25,191	\$ 23,326	\$ 24,453	\$ 30,298	\$ 22,040
District Administration	\$ 463,883	\$ 434,397	\$ 401,456	\$ 355,385	\$ 295,591	\$ 244,736	\$ 237,183	\$ 258,632	\$ 267,302	\$ 286,334
School Administration	\$ 194,723	\$ 227,914	\$ 209,856	\$ 201,530	\$ 121,602	\$ 121,832	\$ 121,764	\$ 341,015	\$ 239,917	\$ 317,710
Business	\$ 102,818	\$ 112,407	\$ 112,133	\$ 93,566	\$ 101,150	\$ 94,197	\$ 85,624	\$ 101,192	\$ 77,540	\$ 67,869
Operation and Maintenance of Facilities	\$ 527,203	\$ 505,903	\$ 507,606	\$ 405,854	\$ 544,457	\$ 433,717	\$ 419,408	\$ 402,372	\$ 363,643	\$ 385,281
Transportation	\$ 243,512	\$ 280,324	\$ 284,941	\$ 395,998	\$ 279,579	\$ 278,443	\$ 254,616	\$ 373,762	\$ 314,448	\$ 212,409
School Lunch Services	\$ 248,574	\$ 240,467	\$ 241,468	\$ 235,300	\$ 234,372	\$ 217,737	\$ 208,902	\$ 215,316	\$ 195,592	\$ 172,510
Capital Outlay	\$ 190,277	\$ 189,702	\$ 167,851	\$ 128,364	\$ 924,977	\$ 4,665,118	\$ 1,398,917	\$ 194,541	\$ 144,553	\$ 237,493
Debt Service:										
Principal Retirement	\$ 40,434	\$ 59,248	\$ 57,715	\$ 38,079	\$ 16,580	\$ 34,231	\$ 16,192	\$ 85,974	\$ 80,378	\$ 122,708
Interest and Fiscal Charges	\$ 343,105	\$ 343,031	\$ 343,411	\$ 340,952	\$ 340,395	\$ 322,586	\$ 2,210	\$ 6,370	\$ 10,107	\$ 12,764
Total Expenditures	\$ 5,560,128	\$ 5,699,946	\$ 5,075,462	\$ 4,926,469	\$ 5,742,728	\$ 9,305,806	\$ 5,725,542	\$ 4,865,309	\$ 4,577,018	\$ 4,212,598
Excess (Deficiency) of Revenues	\$ 473,575	\$ 122,435	\$ 336,049	\$ 582,394	\$ (130,969)	\$ (3,842,014)	\$ (786,214)	\$ 262,643	\$ 114,355	\$ 411,732
Other Financing Sources:										
Transfers	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 69,686	\$ 0
Bond Proceeds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 250,000	\$ 0	\$ 5,500,000	\$ 0	\$ 0	\$ 0
Execution of a Capital Lease	\$ 0	\$ 0	\$ 0	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 86,475	\$ 0	\$ 65,658
Total Other Financing	\$ 0	\$ 0	\$ 0	\$ 100,000	\$ 250,000	\$ 0	\$ 5,500,000	\$ 86,475	\$ 69,686	\$ 65,658
Net Change In Fund Balances	\$ 473,575	\$ 122,435	\$ 336,049	\$ 682,394	\$ 119,031	\$ (3,842,014)	\$ 4,713,786	\$ 349,118	\$ 184,041	\$ 477,390
Net Beginning Balances	\$ 4,460,421	\$ 4,337,986	\$ 4,001,937	\$ 3,319,543	\$ 3,200,512	\$ 7,042,526	\$ 2,328,740	\$ 1,979,622	\$ 1,795,581	\$ 1,318,191
Net Ending Balances	\$ 4,933,996	\$ 4,460,421	\$ 4,337,986	\$ 4,001,937	\$ 3,319,543	\$ 3,200,512	\$ 7,042,526	\$ 2,328,740	\$ 1,979,622	\$ 1,795,581

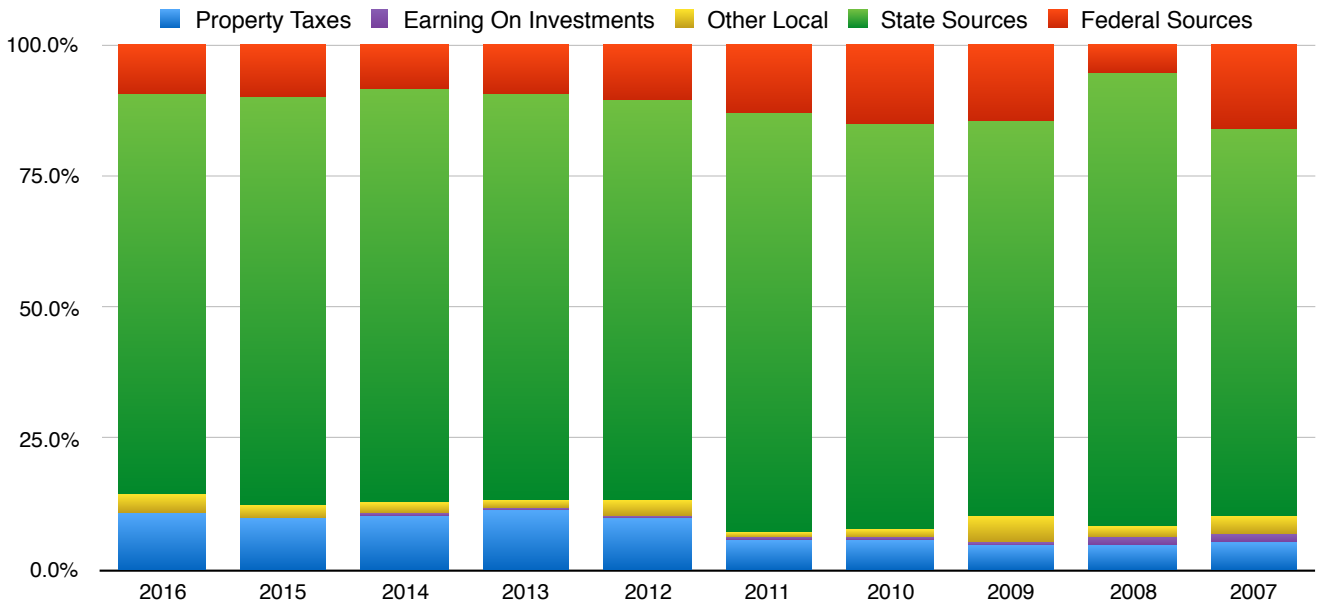
Source: Information taken from the District's audited financial statements. This summary itself has not been audited.

**Piute County School District
Revenues by Source
General Fund
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Property Taxes	Earning On Investments	Other Local	State Sources	Federal Sources	Total Revenue
2016	\$ 497,299	\$ 8,364	\$ 159,961	\$ 3,542,936	\$ 446,869	\$ 4,655,429
2015	\$ 430,428	\$ 7,699	\$ 100,410	\$ 3,405,951	\$ 442,812	\$ 4,387,300
2014	\$ 426,668	\$ 9,210	\$ 90,508	\$ 3,192,357	\$ 350,944	\$ 4,069,687
2013	\$ 463,718	\$ 11,472	\$ 60,522	\$ 3,120,173	\$ 393,464	\$ 4,049,349
2012	\$ 393,966	\$ 12,209	\$ 123,272	\$ 3,080,627	\$ 427,395	\$ 4,037,469
2011	\$ 227,576	\$ 11,765	\$ 40,378	\$ 3,162,176	\$ 531,564	\$ 3,973,459
2010	\$ 232,445	\$ 14,280	\$ 58,447	\$ 3,137,824	\$ 624,981	\$ 4,067,977
2009	\$ 192,617	\$ 27,480	\$ 203,627	\$ 3,164,494	\$ 621,853	\$ 4,210,071
2008	\$ 192,814	\$ 50,995	\$ 87,767	\$ 3,365,596	\$ 222,827	\$ 3,919,999
2007	\$ 206,366	\$ 55,799	\$ 150,221	\$ 2,974,094	\$ 646,514	\$ 4,032,994

Revenues By Source As A Percentage Of Total General Fund Revenue

Fiscal Year Ended June 30,	Property Taxes	Earning On Investments	Other Local	State Sources	Federal Sources	Total Revenue
2016	10.7%	0.2%	3.4%	76.1%	9.6%	100.0%
2015	9.8%	0.2%	2.3%	77.6%	10.1%	100.0%
2014	10.5%	0.2%	2.2%	78.4%	8.6%	100.0%
2013	11.5%	0.3%	1.5%	77.1%	9.7%	100.0%
2012	9.8%	0.3%	3.1%	76.3%	10.6%	100.0%
2011	5.7%	0.3%	1.0%	79.6%	13.4%	100.0%
2010	5.7%	0.4%	1.4%	77.1%	15.4%	100.0%
2009	4.6%	0.7%	4.8%	75.2%	14.8%	100.0%
2008	4.9%	1.3%	2.2%	85.9%	5.7%	100.0%
2007	5.1%	1.4%	3.7%	73.7%	16.0%	100.0%



Source: District Data

Piute County School District
Expenditures By Function
General Fund
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Instruction	Instructional Staff	District Leadership	School Leadership	Business	Operation & Maintenance	Transportation	Debt Service	Total
2016	\$ 2,933,507	\$ 20,325	\$ 463,883	\$ 194,723	\$ 102,818	\$ 527,203	\$ 243,512	\$ 23,328	\$ 4,509,299
2015	\$ 2,841,536	\$ 20,979	\$ 434,397	\$ 227,914	\$ 112,407	\$ 505,903	\$ 280,324	\$ 42,142	\$ 4,465,602
2014	\$ 2,434,156	\$ 9,977	\$ 401,456	\$ 209,856	\$ 112,133	\$ 507,606	\$ 284,941	\$ 38,506	\$ 3,998,631
2013	\$ 2,365,195	\$ 15,248	\$ 355,385	\$ 201,530	\$ 93,566	\$ 405,854	\$ 395,998	\$ 18,930	\$ 3,851,706
2012	\$ 2,545,200	\$ 21,048	\$ 295,591	\$ 121,602	\$ 101,150	\$ 542,257	\$ 279,579	\$ 18,264	\$ 3,924,691
2011	\$ 2,561,355	\$ 25,191	\$ 244,736	\$ 121,832	\$ 94,197	\$ 433,717	\$ 278,443	\$ 36,446	\$ 3,795,917
2010	\$ 2,662,925	\$ 23,326	\$ 237,183	\$ 121,764	\$ 85,624	\$ 419,408	\$ 254,616	\$ 18,402	\$ 3,823,248
2009	\$ 2,595,962	\$ 24,453	\$ 258,632	\$ 341,015	\$ 101,192	\$ 398,010	\$ 373,762	\$ 18,402	\$ 4,111,428
2008	\$ 2,561,648	\$ 30,298	\$ 267,302	\$ 239,917	\$ 77,540	\$ 363,643	\$ 314,448	\$ 0	\$ 3,854,796
2007	\$ 2,268,691	\$ 22,040	\$ 286,334	\$ 317,710	\$ 67,869	\$ 385,281	\$ 212,409	\$ 0	\$ 3,560,334

Fiscal Year Ended June 30,	Instruction	Instructional Staff	District Leadership	School Leadership	Business	Operation & Maintenance	Transportation	Debt Service	Total
2016	65.1%	0.5%	10.3%	4.3%	2.3%	11.7%	5.4%	0.5%	100.0%
2015	63.6%	0.5%	9.7%	5.1%	2.5%	11.3%	6.3%	0.9%	100.0%
2014	60.9%	0.2%	10.0%	5.2%	2.8%	12.7%	7.1%	1.0%	100.0%
2013	61.4%	0.4%	9.2%	5.2%	2.4%	10.5%	10.3%	0.5%	100.0%
2012	64.9%	0.5%	7.5%	3.1%	2.6%	13.8%	7.1%	0.5%	100.0%
2011	67.5%	0.7%	6.4%	3.2%	2.5%	11.4%	7.3%	1.0%	100.0%
2010	69.7%	0.6%	6.2%	3.2%	2.2%	11.0%	6.7%	0.5%	100.0%
2009	63.1%	0.6%	6.3%	8.3%	2.5%	9.7%	9.1%	0.4%	100.0%
2008	66.5%	0.8%	6.9%	6.2%	2.0%	9.4%	8.2%	0.0%	100.0%
2007	63.7%	0.6%	8.0%	8.9%	1.9%	10.8%	6.0%	0.0%	100.0%

Source: District Data

Piute County School District
Property Taxes (Per \$1) - Direct and Overlapping Governments
Last Ten Tax (Calendar) Years

Calendar Tax Year	2015	2014	2013	2012*	2011	2010	2009	2008	2007	2006
Fiscal Year	2015 - 16	2014 - 15	2013 - 14	2012 - 13	2011 - 12	2010 - 11	2009 - 10	2008 - 09	2007 - 08	2006 - 07
School District Rates:										
Basic School Levy ⁽¹⁾	0.001736	0.001419	0.001535	0.001651	0.001591	0.001495	0.001433	0.001250	0.001311	0.001515
Voted Local Levy ⁽²⁾	0.000292	0.000299	0.000307	0.000303	0.000300	0.000301	0.000299	0.000314	0.000328	0.000330
Board Local Levy ⁽³⁾	0.001724	0.001770	0.001840	0.001819						
K-3 Reading Levy					0.000109	0.000109	0.000108	0.000113	0.000118	0.000119
Transportation Levy					0.000286	0.000288	0.000286	0.000300	0.000083	0.000084
Capital Local Levy ⁽⁴⁾	0.000164	0.000165	0.000169	0.000163	0.000160	0.000352	0.000349	0.000366	0.000382	0.000385
10% of Basic Levy					0.001107	0.000918	0.000911	0.000956	0.001229	0.001238
Debt Service Levy ⁽⁵⁾	0.002371	0.002600	0.002800	0.002800	0.002824	0.003121	0.000000	0.001086	0.001150	0.001252
Total District Rates	0.006287	0.006253	0.006651	0.006736	0.006377	0.006584	0.003386	0.004385	0.004601	0.004923
Overlapping Rates:										
Piute County	0.003637	0.003740	0.003827	0.003821	0.003796	0.003675	0.003614	0.003778	0.003943	0.003970
Circleville Town	0.002432	0.002062	0.002023	0.002034	0.002041	0.002144	0.002193	0.002296	0.000641	0.000643
Junction Town	0.002041	0.001985	0.002010	0.002004	0.002046	0.002026	0.002266	0.002414	0.002453	0.002524
Kingston Town	0.001369	0.001382	0.001389	0.001393	0.001488	0.001493	0.001473	0.001520	0.001560	0.001618
Marysvale Town	0.001988	0.002009	0.002024	0.002032	0.000617	0.000606	0.000618	0.000684	0.000715	0.000726
Water Conservancy	0.000197	0.000034	0.000035	0.000035	0.000035	0.000033	0.000035	0.000035	0.000036	0.000042

Limitations per Utah State Statute:

(1) Rate Established Annually by the Utah State Legislature and the Utah State Tax Commission

(2) Maximum Rate is 0.001600 and Must be Voted on by Public, certified rate has floated above maximum as approved by Utah State Tax Commission

(3) Maximum Rate is 0.002500

(4) Maximum Rate is 0.002400

(5) No Maximum Rate, But Must Have Votor Approval for General Obligation Bonds Issued

** Tax rates were consolidated by Utah law for the 2012 tax year. The K-3 Reading, Transportation, Tort Liability, and 10% of Basic levies were rolled into the Board Local Levy.*

The tax rates shown on this table represent the tax rates that are effective for each entity on the date the taxes are due to the County, which is 11/30 of each year

Source: Utah State Tax Commission, Property Tax Division



Compliance Section

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**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**

Board of Education
Piute County School District
Junction, Utah

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, each major fund, and the aggregate remaining fund information of Piute County School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Piute County School District’s basic financial statements, and have issued our report thereon dated November 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Piute County School District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Piute County School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Piute County School District’s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Piute County School District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and

material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
November 21, 2016



**INDEPENDENT AUDITOR'S REPORT AS REQUIRED BY THE STATE COMPLIANCE
 AUDIT GUIDE ON:
 COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS
 INTERNAL CONTROL OVER COMPLIANCE**

Board of Education
 Piute County School District
 Junction, Utah

REPORT ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS

We have audited Piute County School District's compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor that could have a direct and material effect on Piute County School District for the year ended June 30, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement System Compliance
- School District Tax Levies
- Open & Public Meetings Act
- Treasurer's Bond
- Cash Management
- Minimum School Program

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on Piute County School District's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on Piute County School District occurred. An audit includes examining, on a test basis, evidence about Piute County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. However, our audit does not provide a legal determination of Piute County School District's compliance.

Opinion on General State Compliance Requirements

In our opinion, Piute County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Piute County School District for the year ended June 30, 2016.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Piute County School District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Piute County School District's internal control over compliance with the compliance requirements that could have a direct and material effect on Piute County School District to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Piute County School District's internal control over compliance.

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

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

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

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
November 21, 2016