

**EL PASO COUNTY SCHOOL DISTRICT #22
ELLICOTT, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORTS**

**FOR THE YEAR ENDED
JUNE 30, 2016**



RECEIVED

By Justin L. Smith at 4:34 pm, Mar 16, 2017

EL PASO COUNTY SCHOOL DISTRICT #22
ROSTER OF SCHOOL OFFICIALS

Year Ended June 30, 2016

BOARD OF EDUCATION

Gary Dahn

Jackie Chambers

Michael Dahn

Robert McWilliams

Jodi Wilson

ADMINISTRATIVE STAFF

Dr. Patrick Cullen - Superintendent of Schools

Richard Stettler – Chief Financial Officer

EL PASO COUNTY SCHOOL DISTRICT #22

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FINANCIAL SECTION

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information - Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) Required Supplementary Information (RSI) June 30, 2016

The management of El Paso County School District # 22 (the "District") offer you, the readers of this Annual Financial Report, this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, budgetary comparison schedules and additional supplementary information to broaden their understanding of the District's financial performance.

Financial Highlights

- Assets of the District exceeded liabilities at the close of fiscal year 2016. The Ending 2015 Net Position was 14,349,679. The Ending 2016 Net Position was \$11,363,802. The change in net position was \$(2,985,877).
- The District's total Unrestricted Net Position for the primary reporting entity decreased by \$3,296,234, while the Restricted Net Position increased by \$398,662. The decrease in unrestricted net position is related to a combination of an overall increase in PERA's net pension liability as of December 31, 2015, as well as an increase in the District's proportionate share of that pension liability. The increase in restricted net position is primarily related to changes in personnel contracts that restricted resources for contract fulfillment as well as increases in Debt Service reserves.
- The District's Governmental Funds fund balance decreased by \$1,133,761 to an ending fund balance of \$2,876,707. This decrease is primarily attributable to additional instructional staff for at-risk student populations, capital purchases, and general increases throughout most operating areas.
- The Governmental Funds reported combined unassigned fund balance of \$1,554,043, representing 14% of total governmental expenditures.

The District's net capital assets were \$10,060,134 as of June 30, 2016. For additional more detailed information please refer to footnote 4. In addition, the District reports a long-term grant receivable related to facility improvements of \$14,780,081 as further described in Note 14.

Using the Basic Financial Statements

This discussion and analysis serves as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components:

- 1) government-wide financial statements,
- 2) fund financial statements, and
- 3) notes to the financial statements.

This report also contains required and other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

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

The **statement of net position** presents information on all the District's assets, liabilities and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of changes in the financial position of the District. Current and previous year information is presented for comparison.

The **statement of activities** presents information reporting how the District's net position changed during fiscal year 2016. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows for future fiscal periods. Earned but unused vacation leave and uncollected taxes are examples of these types of items.

The governmental activities of the District include instruction, pupil activities, instructional support, general and school administration, business and central services, food service and transportation.

Governmental Activities – The majority of the District's programs and services are reported here including instruction, support services, operations and maintenance of plant, pupil transportation, food service and extracurricular activities.

A condensed summary of the District's net position is as follows:

TABLE 1 - CONDENSED STATEMENT OF NET POSITION

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Current Assets and Other Assets	\$ 19,036,161	\$ 5,308,458
Capital Assets	<u>10,060,134</u>	<u>25,325,242</u>
Total Assets	<u>29,096,295</u>	<u>30,633,700</u>
Deferred Outflows of Financial Resources:	<u>3,472,555</u>	<u>1,481,371</u>
Current Liabilities	1,098,949	1,297,990
Long-Term Liabilities	<u>19,570,338</u>	<u>16,466,477</u>
Total Liabilities	<u>20,669,287</u>	<u>17,764,467</u>
Deferred Inflows of Financial Resources	<u>535,761</u>	<u>925</u>
Net Investment in Capital Assets	8,022,956	8,111,261
Restricted Net Position	1,063,108	664,446
Unrestricted Net Position	<u>2,277,738</u>	<u>5,573,972</u>
Total Net Position	<u>\$ 11,363,802</u>	<u>\$ 14,349,679</u>

A condensed summary of the District's net activities is as follows:

TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Program Revenues:		
Charges for Services	\$ 213,245	\$ 359,360
Operating Grants	1,415,131	919,536
Capital Grants	<u>12,529</u>	<u>15,356,603</u>
Total Program Revenues	<u>1,640,905</u>	<u>16,635,499</u>
General Revenues:		
Property Taxes	1,224,184	1,164,914
State Equalization	6,861,586	6,670,278
Other Revenues	66,850	39,338
Debt Proceeds	<u>77,795</u>	<u>(183,740)</u>
Total General Revenues	<u>8,230,415</u>	<u>7,690,790</u>
Total Revenues	<u>9,871,320</u>	<u>24,326,289</u>
Expenses		
Instruction	7,280,828	5,721,035
Supporting Services	5,483,531	4,429,915
Interest Expense	<u>92,838</u>	<u>(86,737)</u>
Total Expenses	<u>12,857,197</u>	<u>10,064,213</u>
Change in Net Position	(2,985,877)	14,262,076
Net Position - Beginning	<u>14,349,679</u>	<u>87,603</u>
Net Position - Ending	<u>\$ 11,363,802</u>	<u>\$ 14,349,679</u>

Fund Financial Statements

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

Governmental funds. *Governmental funds* 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-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 District'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 maintained five individual governmental funds for fiscal year 2016. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for:

- 1) the General Fund (including preschool operation),
- 2) the Designated Purpose Grants Fund.
- 3) the Food Services Fund and
- 4) the Capital Projects Fund and
- 5) the Bond Redemption Debt Service Fund.

All 5 are considered *major funds*.

As of June 30, 2016, the District's governmental funds reported a combined fund balance of \$2,876,707 compared to June 30, 2015 of \$4,010,468, which is a decrease of \$1,133,761. The following is additional information by fund which contributed to the change.

The **General Fund** outflows exceeded inflows by \$1,013,292. This is an increase in the deficit of \$596,460 from the previous year. Instructional costs increased approximately \$475,000, a significant increase in minor facility repairs, and approximately \$200,000 of additional capital asset purchases over the prior year. In addition, certain costs that had been allocated to the District's grant fund in prior years were left in the General Fund for the 2016 fiscal year and transfers to the District's grant fund were increased by \$185,649. The General Fund did not transfer to the Capital Reserve Fund for the 2016 saving \$500,000.

The **Designated Grants Fund** by definition has inflows matching outflows. However, this does not mean that significant operations are not accounted for in the fund. For the 2016 fiscal year, total grant operating costs were \$2,370,371, an increase of \$387,594. The fund's grant receipts only increased approximately \$200,000 therefore an increase in the subsidy from the General Fund was required.

Overall outflows exceeded inflows in the **Capital Project Fund** by \$163,698, leaving an ending Fund Balance \$219,532. The District utilized existing fund resources for capital acquisitions in lieu of the normal transfer from the General Fund.

During the year, **Bond Redemption Fund** inflows exceeded outflows by \$124,392, leaving an ending Fund Balance of \$477,070. This is relatively consistent with the prior year. The District is slowly accumulating resources that will allow flexibility as the bonds approach full maturity.

For the year ended June 30, 2016, **Food Service Fund** balance decreased by \$81,163. This includes a planned decrease to comply with state/federal requirements, with an ending balance of \$10,253. However, the District has spent down the fund balance by \$135,000 over the past two fiscal years, so adjustments will need to be made to bring expenditures in line with revenues.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefits of parties outside the District. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available for the support of the District's own programs. The Pupil Activity Fund is an example of this type of fund.

Debt Administration

As of June 30, 2016, the District had total outstanding long-term debt as follows:

	Balance			Balance	Current
	July 1			June 30	Portion
	2015	Advances	Payments	2016	
Series 2011 General Obligation Bonds	\$ 2,125,982	\$ -	\$ 88,804	\$ 2,037,178	\$ 92,461
PERA Net Pension Liability	14,340,495	3,192,665	-	17,533,160	-
Totals	\$ 16,466,477	\$ 3,192,665	\$ 88,804	\$ 19,570,338	\$ 92,461

During the year, the District made all of its scheduled debt payments. Additional information related to the District's debt can be found in Note 6 to the financial statements. Additional information about the District's pension plan can be found in Note 9.

Capital Assets

As of June 30, 2016, the District's Governmental Activity had capital assets of \$10,060,134 invested in a broad range of assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deletions, and depreciation) of \$177,109 from last year. This is a result of normal depreciation of existing assets in the amount of \$517,352 from last year offset by current acquisitions. The District does not maintain separate infrastructure assets as the entire infrastructure has been included with the related capital asset.

TABLE 3 - GOVERNMENT ACTIVITIES CAPITAL ASSETS

	Balance July 1 2015	Additions	Deletions	Balance June 30 2016
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 392,261	\$ -	\$ -	\$ 392,261
Construction in Progress	-	20,079	-	20,079
	<u>392,261</u>	<u>20,079</u>	<u>-</u>	<u>412,340</u>
Capital Assets Being Depreciated:				
Land Improvements	1,101,737	92,915	-	1,194,652
Buildings and Improvements	15,865,930	41,422	-	15,907,352
Transportation Equipment	1,425,082	93,423	-	1,518,505
Food Service Equipment	26,968	12,460	-	39,428
Other Equipment	269,736	79,944	-	349,680
Total Capital Assets Being Depreciated	<u>18,689,453</u>	<u>320,164</u>	<u>-</u>	<u>19,009,617</u>
Less: Accumulated Depreciation				
Land and Improvements	(581,164)	(41,178)	-	(622,342)
Buildings and Improvements	(7,431,095)	(386,688)	-	(7,817,783)
Transportation Equipment	(656,290)	(67,394)	-	(723,684)
Food Service Equipment	(11,869)	(1,079)	-	(12,948)
Other Equipment	(164,053)	(21,013)	-	(185,066)
Total Accumulated Depreciation	<u>(8,844,471)</u>	<u>(517,352)</u>	<u>-</u>	<u>(9,361,823)</u>
Net Governmental Capital Assets	<u>\$ 10,237,243</u>	<u>\$ (177,109)</u>	<u>\$ -</u>	<u>\$ 10,060,134</u>

General Fund Budget

The Board of Education adopts the District's budget in June of each year. If needed, changes are then made in October when student enrollment is finalized. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional inflows are received. Program funding is based upon student enrollment on October 1st of each year. This per pupil funding is a combination of Property Tax, State Equalization, and Specific Ownership Tax. Because these factors are not known in June when the budget is adopted, the portion of inflow from each source is not known until the following January.

The District's actual revenues were \$1,615,261 under the revised budget amount. The District adopted mid-year budget revisions increasing rents, local BOCES flow through and additional State Grants that were ultimately not received. Expenditures were approximately \$500,000 under the budgeted amount after adjusting for contingency reserves. The General Fund transfer to the Designated Grants Fund was \$393,115 over the budgeted amount.

Economic Factors and Next Year's Budget

In anticipation of issues which will impact next year's budget, the following are high on that list.

- Maintaining and continuing to close the achievement gaps as compared to the higher achieving school districts in the State. In order to do this we must not lose instructional staff. This staff allows us to keep class size down and allows us to focus on at-risk factors that our student face. This will be our biggest challenge as all financial forecasts are predicting. Attracting and retaining high quality educators is very competitive in the State of Colorado and our rural school district can't match the nearby bigger districts in salary and benefits.

- With the completion of the new facilities, the Middle School, Pre-School, and District Offices, we still continue to focus on the other district facility safety features relating to lighting, pedestrian traffic patterns, building security and any crumbling surfaces and entryways. Additional partnerships will assist in the building and re-building of the District's athletic field and structures. These partnerships include but are not limited to the Ellicott Metro Athletic District, Pikes Peak BOCES, El Paso County Sheriff's Department, El Paso County and Schriever Air Force Base. Schriever Air Force Base remains very important part of the District's growth model and proves to be a great asset to the District as a whole. The District will continue building upon the great relationship with Schriever Air Force Base and others.
- Technology upgrades that were started with the BEST grant process in the Middle School, the One-on-One lap-top initiative at the High School and a tablet introduction with the Elementary School are now at the point of upgrading. This will continue to be an expenditure that we must have to compete with the State, Nation and World. The recommended cycle for devices is 3 years.

How well the district is able to meet the challenge of providing facilities and staffing will be determined by the growth factor - a critical component of which will be the amount of commercial growth and potential mineral development. A challenge to keep pace still remains without commercial expansion, mineral development or a change in how the state manages school financing. The legislation in regards to school finance is daunting. The negative factor will continue to impact our district. The moving trend to charter and choice schools also implies that we must find a way to market ourselves to attract new families to us, while maintaining our relationships with our existing community and families.

Ellicott is one of the few rural districts in the state that has remained the same in enrollment. El Paso County does rely on the military. Any sequester in Federal Programs will have a negative impact on the Ellicott School District. A 'need-based' funding method would greatly benefit the Ellicott School District with its large percentage of at-risk youth.

The district did not maintain the ending fund balance from last year. The District has anticipated deficit spending in 2016 – 2017. In Fiscal Year 2017 - 2018, the District will intentionally evaluate District restructuring, budget cuts and adjustments to minimize deficit spending, and over the next three years balance the budget and rebuild reserves in accordance with the State of Colorado guidelines. The board continues towards a goal of accumulating five months of operating reserves. This is to be coupled with required TABOR reserves, Emergency reserves and a suggested non-appropriated reserve. Our relationship with state and federal agencies continue to grow as the District complies with the ever increasing mandates.

The district leadership continues to anticipate the future with enthusiasm. We must continue to move forward toward improved student learning achievement.

Requests for Information

This financial report is designed to provide a general overview of the El Paso County School District # 22's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Sherry Ferriman
Chief Financial Officer
322 South Ellicott Highway
Ellicott, Colorado 80808

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Education
El Paso County School District # 22
Ellicott, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the El Paso County School District # 22, Colorado, as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 controls. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the El Paso County School District # 22, Colorado, as of June 30, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the El Paso County School District # 22's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 19, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 – M6 and pension schedules on pages 32 - 33 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.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 34 - 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition, the schedules on pages 40 - 42 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports pages 43 - 46 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2017 on our consideration of the El Paso County School District # 22'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 El Paso County School District # 22s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Holscher, Mayberry + Company, LLC". The signature is written in a cursive, flowing style.

Englewood, CO
March 13, 2017

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all government-wide and fund level activity as of June 30, 2016.

EL PASO COUNTY SCHOOL DISTRICT #22
Statement of Net Position
June 30, 2016

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
ASSETS	
Current Assets	
Cash and Investments	\$ 3,640,814
Restricted Cash and Investments	462,979
Cash with Fiscal Agent	12,683
Taxes Receivable	61,781
Grants Receivable	46,824
Other Accounts Receivable	11,326
Inventory	11,766
Prepaid Expenses	7,907
Total Current Assets	4,256,080
Noncurrent Assets	
BEST Grant Receivable	14,780,081
Capital Assets, not being depreciated	412,340
Capital Assets, being depreciated	9,647,794
Total Noncurrent Assets	24,840,215
TOTAL ASSETS	29,096,295
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Contributions Subsequent to Measurement Date	492,519
Change in District's Proportionate Share of Net Pension Liability - net	1,257,699
Difference Between Projected and Actual Returns on Pension Plan Investments - net	1,490,810
Difference Between Projected and Actual Pension Plan Experience - net	231,527
TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	3,472,555
TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	\$ 32,568,850
LIABILITIES, DEFERRED INFLOWS OF FINANCIAL RESOURCES AND FUND BALANCE	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 114,950
Accrued Interest	6,833
Accrued Salaries & Benefits	977,166
Total Current Liabilities	1,098,949
Noncurrent Liabilities	
Due Within One Year	92,461
Due In More Than One Year	19,477,877
Total Noncurrent Liabilities	19,570,338
TOTAL LIABILITIES	20,669,287
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Difference Between Projected and Actual Pension Plan Experience - net	730
Change in Pension Plan Assumptions - net	247,774
Deferred Inflows - Grants	268,458
Deferred Inflows - Other	18,799
TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES	535,761
NET POSITION	
Net Investment in Capital Assets	8,022,956
Restricted Net Position	1,091,608
Unrestricted Net Position	2,249,238
TOTAL NET POSITION	11,363,802
TOTAL LIABILITIES, DEFERRED INFLOWS OF FINANCIAL RESOURCES AND NET POSITION	\$ 32,568,850

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

EL PASO COUNTY SCHOOL DISTRICT #2
 Balance Sheet
 Governmental Funds
 June 30, 2016
 (With Comparative Totals for June 30, 2015)

	General Fund	Special Revenue		Debt Service
		Food Service Fund	Designated Grants Fund	Bond
				Redemption Fund
ASSETS				
Cash and Investments	\$ 3,037,543	\$ 38,959	\$ 456,898	\$ -
Restricted Cash and Investments	-	-	-	462,979
Cash with Fiscal Agent	9,254	-	-	3,429
Taxes Receivable	45,084	-	-	16,697
Interfund Accounts Receivable	-	-	2,183	-
Grants Receivable	7,181	-	39,643	-
Other Accounts Receivable	69	11,257	-	-
Inventory	-	11,766	-	-
Prepaid Expenses	7,907	-	-	-
TOTAL ASSETS	\$ 3,107,038	\$ 61,982	\$ 498,724	\$ 483,105
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities				
Interfund Accounts Payable	\$ 111,152	\$ -	\$ -	\$ 6,035
Accounts Payable	93,320	6,021	12,723	-
Accrued Salaries & Benefits	732,714	26,909	217,543	-
Total Liabilities	937,186	32,930	230,266	6,035
Deferred Inflows of Financial Resources				
Deferred Inflows - Other	-	18,799	-	-
Deferred Inflows - Grants	-	-	268,458	-
Total Deferred Inflows of Financial Resources	-	18,799	268,458	-
Fund Balance				
Nonspendable Fund Balance	7,907	2,977	-	-
Restricted Fund Balance				
Restricted for Debt Service	-	-	-	477,070
Restricted for TABOR Emergencies	259,000	-	-	-
Restricted for Colorado Preschool Program	77,038	-	-	-
Restricted for BEST Replacement Reserve	-	-	-	-
Restricted for TABOR Multiyear Obligations	250,000	-	-	-
Committed Fund Balance				
Committed for Capital Projects	-	-	-	-
Assigned Fund Balance				
Assigned for Fund Purposes	21,864	7,276	-	-
Unassigned Fund Balance	1,554,043	-	-	-
Total Fund Balance	2,169,852	10,253	-	477,070
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 3,107,038	\$ 61,982	\$ 498,724	\$ 483,105

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

Capital Projects		Totals	
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Capital Reserve			
Project Fund	2016	2015	

\$ 107,414	\$ 3,640,814	\$ 4,444,275	
-	462,979	330,868	
-	12,683	13,422	
-	61,781	71,012	
117,187	119,370	371,999	
-	46,824	-	
-	11,326	4,454	
-	11,766	13,708	
-	7,907	58,720	
<u>\$ 224,601</u>	<u>\$ 4,375,450</u>	<u>\$ 5,308,458</u>	

\$ 2,183	\$ 119,370	\$ 387,441	
2,886	114,950	91,622	
-	977,166	814,624	
<u>5,069</u>	<u>1,211,486</u>	<u>1,293,687</u>	

-	18,799	4,303	
-	268,458	-	
-	287,257	4,303	

-	10,884	86,136	
-	477,070	352,678	
-	259,000	249,000	
-	77,038	62,769	
28,500	28,500	-	
-	250,000	-	
191,032	191,032	383,230	
-	29,140	77,708	
-	1,554,043	2,798,947	
<u>219,532</u>	<u>2,876,707</u>	<u>4,010,468</u>	
<u>\$ 224,601</u>	<u>\$ 4,375,450</u>	<u>\$ 5,308,458</u>	

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EL PASO COUNTY SCHOOL DISTRICT #22
Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2016

Fund Balance - Governmental Funds		\$ 2,876,707
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	\$ 412,340	
Capital assets, being depreciated	19,009,617	
Accumulated depreciation	<u>(9,361,823)</u>	10,060,134
Certain long-term assets are not available to pay for current year expenditures and are therefore not reported in the funds		
Long-Term BEST Grant Receivable		14,780,081
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds		
Contributions subsequent to measurement date	492,519	
Difference between projected and actual investment returns on the pension plan	1,975,172	
Amortization of the investment return difference	(484,362)	
Difference between projected and actual pension plan experience (outflow)	319,227	
Amortization of the experience difference (outflow)	(87,700)	
Net pension liability	(17,533,160)	
Difference between projected and actual pension plan experience (inflow)	(1,590)	
Amortization of the experience difference (inflow)	860	
Change in pension plan assumptions	(341,629)	
Amortization of the change in assumptions	93,855	
Change in District proportionate share of the net pension liability	2,060,774	
Amortization of the change in proportion	<u>(803,075)</u>	(14,309,109)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Bonds payable	(2,037,178)	
Accrued interest payable	<u>(6,833)</u>	<u>(2,044,011)</u>
Total Net Position - Governmental Activities		<u>\$ 11,363,802</u>

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

EL PASO COUNTY SCHOOL DISTRICT #22
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	<u>General Fund</u>	<u>Special Revenue</u>		<u>Debt Service</u>
		<u>Food Service</u>	<u>Designated</u>	<u>Bond</u>
	<u>Fund</u>	<u>Grants Fund</u>	<u>Redemption</u>	<u>Fund</u>
REVENUES				
Local Sources	\$ 935,768	\$ 113,711	\$ 1,000	\$ 299,201
Intermediate Sources	649	-	-	-
State Sources	6,861,586	9,561	532,417	-
Federal Sources	-	392,375	491,656	-
TOTAL REVENUES	<u>7,798,003</u>	<u>515,647</u>	<u>1,025,073</u>	<u>299,201</u>
EXPENDITURES				
Instruction	3,812,940	-	2,057,243	-
Pupil Support	114,959	-	39,567	-
Staff Support	187,233	-	4,000	-
General Administration	251,334	-	-	-
School Administration	827,542	-	-	-
Business Services	352,918	-	-	-
Operations and Maintenance	834,248	-	-	-
Transportation	480,117	-	254,849	-
Other Central Support	602,195	-	-	-
Risk Management	353	-	-	-
Food Service	-	596,810	14,712	-
Facilities	-	-	-	-
Other Uses	4,341	-	-	-
Debt Service	-	-	-	174,809
TOTAL EXPENDITURES	<u>7,468,180</u>	<u>596,810</u>	<u>2,370,371</u>	<u>174,809</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	329,823	(81,163)	(1,345,298)	124,392
OTHER FINANCING SOURCES (USES)				
Transfer In (Out) - net	(1,343,115)	-	1,345,298	-
CHANGE IN FUND BALANCE	(1,013,292)	(81,163)	-	124,392
BEGINNING FUND BALANCE	<u>3,183,144</u>	<u>91,416</u>	<u>-</u>	<u>352,678</u>
ENDING FUND BALANCE	<u>\$ 2,169,852</u>	<u>\$ 10,253</u>	<u>\$ -</u>	<u>\$ 477,070</u>

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

<u>Capital Projects</u>	<u>Totals</u>	
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<u>Capital Reserve</u>		
<u>Project Fund</u>	<u>2016</u>	<u>2015</u>

\$ 237,519	\$ 1,587,199	\$ 1,563,612
-	649	88
-	7,403,564	7,018,116
-	884,031	840,214
<u>237,519</u>	<u>9,875,443</u>	<u>9,422,030</u>

-	5,870,183	5,048,940
-	154,526	117,201
-	191,233	198,440
-	251,334	232,306
-	827,542	780,308
-	352,918	274,790
-	834,248	758,403
-	734,966	525,052
-	602,195	398,338
-	353	59,178
-	611,522	513,014
399,034	399,034	217,464
-	4,341	4,330
-	174,809	723,268
<u>399,034</u>	<u>11,009,204</u>	<u>9,851,032</u>
(161,515)	(1,133,761)	(429,002)

(2,183)	-	-
(163,698)	(1,133,761)	(429,002)
<u>383,230</u>	<u>4,010,468</u>	<u>4,439,470</u>
<u>\$ 219,532</u>	<u>\$ 2,876,707</u>	<u>\$ 4,010,468</u>

EL PASO COUNTY SCHOOL DISTRICT #22
Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2016

Change in Fund Balance - Governmental Funds	\$	(1,133,761)
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level		
Capitalized Asset Purchases	\$ 340,243	
Depreciation Expense	<u>(517,352)</u>	(177,109)
The long term BEST grant receivable was not recognized as revenue in the fund when the building was placed in service as it is not available to satisfy current obligations and is being amortized due to depreciation on the underlying building that is the basis of grant.		
Amortization of BEST grant receivable	<u>(307,918)</u>	(307,918)
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.		
Change in contributions subsequent to the measurement date	77,907	
Current year projected to actual investment return difference	1,645,197	
Current year amortization of overall investment return differences	(451,364)	
Change in net pension liability	(3,192,665)	
Current year projected to actual pension plan experience difference	318,708	
Current year amortization of overall experience differences	(86,986)	
Current year change in pension plan assumptions	(341,629)	
Current year amortization of change in plan assumptions	93,855	
Current year change in proportionate share of cost-sharing plan liability	1,169,448	
Current year amortization of overall proportionate share differences	<u>(681,531)</u>	(1,449,060)
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level		
Principal payments on bonds payable	88,804	
Change in accrued interest payable	<u>(6,833)</u>	<u>81,971</u>
Change in Net Position - Governmental Activities	\$	<u>(2,985,877)</u>

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

EL PASO COUNTY SCHOOL DISTRICT #22
Statement of Fiduciary Net Position
Fiduciary Funds
Pupil Activity Agency Fund
June 30, 2016
(With Comparative Totals for June 30, 2015)

	Totals	
	2016	2015
ASSETS		
Cash and Investments	\$ 86,722	\$ 30,456
Interfund Accounts Receivable	-	15,442
TOTAL ASSETS	\$ 86,722	\$ 45,898
LIABILITIES		
Accrued Salaries & Benefits	\$ 12,060	\$ -
NET POSITION		
Restricted Net Position	74,662	45,898
TOTAL LIABILITIES AND NET POSITION	\$ 86,722	\$ 45,898

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

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of El Paso County School District # 22 (the District) conform to generally accepted accounting principles as applicable to governmental units. A summary of the more significant policies is described below.

Reporting Entity

In evaluating how to define the government for financial reporting purposes, the District's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Codification Section 2100 - *Defining the Financial Reporting Entity*.

Based upon the application of these criteria, no additional organizations are includable within the District's reporting entity.

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the District as a whole. The reporting information includes all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the 2016 fiscal year, the District did not have any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

Fund Financial Statements 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 would be aggregated and reported as non-major funds. The fiduciary funds are presented separately.

The District reports the following major governmental funds.

General Fund: This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Designated Grants (Special Revenue) Fund: This fund accounts for the District's non-food related grant activities.

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Food Service (Special Revenue) Fund: The Food Service Fund accounts for the District's food service program.

Bond Redemption (Debt Service) – Fund – This fund is used to account for the repayment of the District's general obligation indebtedness.

Capital Reserve Projects (Capital Project) Fund – This fund is used to account for the completion of major capital projects. The capital reserve activity is funded through elective transfers from the General Fund.

The District reports one fiduciary fund.

Pupil Activity (Agency) Fund: This fund is used to account for the money held in trust by the District for student organization and scholarships. This fund is custodial and does not measure the results of operations.

Measurement Focus and Basis of Accounting

Government-Wide, Proprietary and Fiduciary Fund Financial Statements

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 at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental Funds 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 as allowed by the per pupil operating revenue formula approved by the State legislature or within sixty days after year-end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments 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. Acquisitions under capital leases are reported as other financing sources.

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the Enterprise Fund which budgets on a cash basis. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year-end.

The District adheres to the procedures described below in establishing the budgetary data reflected in the financial statements.

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the Board of Education.
- Encumbrance accounting is not utilized.

The District's expenditures exceeded appropriations in the Designated Grants and Pupil Activity Funds by 381,455 and \$13,236, respectively, which is a violation of Colorado Statutes.

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance

Cash and Investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest-bearing accounts which are comprised of certificates of deposit, savings accounts, and money market accounts that are legally authorized. Investments are stated at fair value.

Cash and Cash Equivalents – The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

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

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance
(Continued)

Inventories

Inventory of proprietary funds are valued at the lower of cost (first-in, first-out) or market.

Capital Assets

Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds. Property and equipment with a cost of \$5,000 or greater are considered capital assets.

Property and equipment acquired for the proprietary fund is capitalized in the fund.

Property and equipment are stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation has been provided over the estimated useful lives of the asset in the government-wide presentation as well as in the proprietary fund. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and Site Improvements	10 - 75 years
Vehicles and Other Equipment	10 - 30 years

Vacation, Sick Leave, and Other Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid. As all employees are contracted to work a set number of days during a year; no vacation accrual accumulates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has several items that qualify for reporting in this category, all related to outstanding pension obligations and further described in Note 9.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element 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 reports deferred inflows related to pension liabilities as further described in Note 9 as well as for prepaid student balances and unspent grant proceeds.

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance
(Continued)

Net Position/Fund Balance

In the government-wide financial statements net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance is reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Education, and at their highest level of action are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All other remaining governmental balances are reported as unassigned.

Net Position/Fund Balance Flow Assumption

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

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses

Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred. Revenues that are directly attributable to a program are shown as program revenues for the statement of activities. These revenues consist of, but are not limited to, grants, fees and other charges for services.

Property Tax Revenues

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

Under Colorado Law, all property taxes become due and payable on January 1 in the year following that in which they are levied. Property taxes are recognized as revenue when payable to the County Treasurer. Due to the nature of Colorado school district funding, uncollected property taxes levied in the current fiscal year for collection in the subsequent fiscal year are identified as property taxes receivable at June 30, and are presented net of an estimated allowance for uncollectible taxes.

Comparative Data

Comparative total data for the prior year have been presented in the accompanying basic financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 2: CASH AND INVESTMENTS

A summary of deposits and investments at June 30, 2016 is provided below.

Government-wide		
Unrestricted:		
Cash and Deposits	\$	186,029
Investments:		
Colostrust		<u>3,454,785</u>
Total Unrestricted - Government-wide		3,640,814
Restricted:		
Investments:		
ColoTrust - Bond Redemption		<u>462,979</u>
Total Government-wide		<u>4,103,793</u>
Fiduciary		
Unrestricted:		
Demand deposits		75,742
Certificates of deposit		<u>10,980</u>
Total Fiduciary		<u>86,722</u>
Total Cash & Investments	\$	<u>4,190,515</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2016, State regulatory commissioners indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits. Deposits are categorized by type of credit risk: (1) Insured or collateralized with securities held by the District or by its agent in the District's name; (2) Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name; or (3) Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the District's name.

At June 30, 2016, the District's deposits had bank and carrying balances as follows:

	Bank	Carrying
	Balance	Balance
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized (Not held in District's name)	382,826	21,953
Petty Cash	-	<u>798</u>
Total Cash Deposits	<u>\$ 632,826</u>	<u>\$ 272,751</u>

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2016 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Weighted Avg. Mat. In Yrs</u>
Local Government Investment Pools	\$ -	\$ 3,917,765	\$ -	\$ 3,917,765	-

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- Investment Pools: Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2016, there were no changes in the methods or assumptions utilized to derive the fair value of the District's assets and liabilities.

Colorado statutes specify which instruments units of local government may invest, which include:

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

The District has invested \$3,917,765 in the Colorado Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of the Trusts consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to the Trusts in connection with the direct investment and withdrawal functions of the Trusts. Substantially all securities owned by the Trusts are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the Trusts. These investments, as well as the investments in mutual funds, are not categorized because the underlying securities cannot be determined.

Cash Invested

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The allowed investments include local government investment pools and obligations of the United States Government.

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

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.

Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investments policy that would further limit its investment choices. At June 30, 2016 the District's investment in the Colorado Government Liquid Assets Trust (COLOTRUST) was rated AAAM by Standard & Poor's. The District's funds held for repayment of the Series 2000 Certificates of Participation are held in trust and are invested in a Fidelity Treasury Portfolio I mutual fund who's rating could not be determined.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

NOTE 3: INVENTORIES

Food Service Fund inventory as of June 30, 2016 of \$11,766 consisted of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt. Unused commodity inventory is reported as a deferred inflow at year end.

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 4: CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2016 are shown below:

	<u>Balance July 1 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30 2016</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 392,261	\$ -	\$ -	\$ 392,261
Construction in Progress	-	20,079	-	20,079
Total Capital Assets Not Being Depreciated	<u>392,261</u>	<u>20,079</u>	<u>-</u>	<u>412,340</u>
Capital Assets Being Depreciated:				
Land Improvements	1,101,737	92,915	-	1,194,652
Buildings and Improvements	15,865,930	41,422	-	15,907,352
Transportation Equipment	1,425,082	93,423	-	1,518,505
Food Service Equipment	26,968	12,460	-	39,428
Other Equipment	269,736	79,944	-	349,680
Total Capital Assets Being Depreciated	<u>18,689,453</u>	<u>320,164</u>	<u>-</u>	<u>19,009,617</u>
Less: Accumulated Depreciation				
Land and Improvements	(581,164)	(41,178)	-	(622,342)
Buildings and Improvements	(7,431,095)	(386,688)	-	(7,817,783)
Transportation Equipment	(656,290)	(67,394)	-	(723,684)
Food Service Equipment	(11,869)	(1,079)	-	(12,948)
Other Equipment	(164,053)	(21,013)	-	(185,066)
Total Accumulated Depreciation	<u>(8,844,471)</u>	<u>(517,352)</u>	<u>-</u>	<u>(9,361,823)</u>
Net Governmental Capital Assets	<u>\$ 10,237,243</u>	<u>\$ (177,109)</u>	<u>\$ -</u>	<u>\$ 10,060,134</u>

Depreciation has been allocated to the District's operating functions as follows:

Instruction	\$ 280,413
Supporting Services	236,939
Depreciation Allocation	<u>\$ 517,352</u>

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2016, are \$989,226. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General, Food Service, Designated Grants and Pupil Activity Funds.

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 6: LONG-TERM DEBT

Changes in long-term debt and the current portion of each obligation are as follows:

	Balance			Balance		
	July 1			June 30	Current	Interest
	2015	Advances	Payments	2016	Portion	Expense
Series 2011 General Obligation Bonds	\$ 2,125,982	\$ -	\$ 88,804	\$ 2,037,178	\$ 92,461	\$ 86,005
PERA Net Pension Liability	14,340,495	3,192,665	-	17,533,160	-	-
Totals	\$ 16,466,477	\$ 3,192,665	\$ 88,804	\$ 19,570,338	\$ 92,461	\$ 86,005

General Obligation Bonds Payable

On December 11, 2011 the District issued \$2,373,694 of general obligation bonds used to help construct a middle school, pre-school, and administrative facility. The issuance bears an interest rate of 4.12 percent. Interest is payable semi-annually on June 1 and December 1 of each year. Principal is payable over a period of twenty years and is payable annually on December 1 of each year.

Principal and interest is payable on the outstanding obligations as follows:

Year Ending June 30:	Principal	Interest	Total
2017	\$ 92,461	\$ 81,997	\$ 174,458
2018	96,269	78,111	174,380
2019	100,234	74,064	174,298
2020	104,362	69,851	174,213
2021	108,660	65,464	174,124
2022-2026	614,232	869,164	1,483,396
2027-2031	751,574	866,335	1,617,909
2032	169,386	172,874	342,260
Totals	\$ 2,037,178	\$ 2,277,860	\$ 4,315,038

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 7: JOINTLY GOVERNED ORGANIZATION

The District is a participant among four Districts in a jointly governed organization to operate the Pikes Peak Board of Cooperative Educational Services (BOCES). The BOCES was formed for the purpose of administrative functions among member districts for special education and federal grants. During the year ended June 30, 2016, the District paid \$221,950 in assessments to the BOCES. The BOCES is governed by a board of directors consisting of a member of the board of education and the superintendent from each of the participating members. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. Financial statements for the BOCES can be obtained from the BOCES administrative offices at: 2883 South Circle Drive, Colorado Springs, CO 80906.

NOTE 8: RISK MANAGEMENT

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

Property and Liability Coverage

The District belongs to the Colorado School District Self Insurance Pool ("CSDSIP") that was formed in 1981 to give individual school districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function. The coverage provided by CSDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. CSDSIP became self-administered in 1997. The board of directors is comprised of nine persons who are district school board members, superintendents, or district business officials.

Each member's premium contribution is determined by CSDSIP based on factors including, but not limited to, the aggregate CSDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income and reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuarial study is conducted annually. These reports may be obtained by contacting the CSDSIP administrative offices at 6857 South Spruce Street, Centennial, CO 80112. The District has not materially changed its coverage from previous years. The District has not recorded any liability for unpaid claims at June 30, 2016.

CSDSIP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members.

The ultimate liability to the District resulting from claims not covered by the pool is not recently determinable. Management is of the opinion that the final outcome of such claims, of any, will not have a material adverse effect on the District's financial statements.

Workers Compensation

The District carries commercial insurance for worker's compensation coverage. Risk of loss transfers to the carrier.

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.
- The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:
 - Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
 - \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

January 1 st through December 31 st	2015 ¹
Employer contribution rate	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%
Amount apportioned to the SCHDTF	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	4.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	4.00%
Total employer contribution rate to the SCHDTF	17.33%

¹ Rates are expressed as a percentage of salary as defined in C.R.S. 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$865,793 for the plan year ended December 31, 2015 and \$943,700 for the fiscal year ended June 30, 2016.

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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 liability of \$17,533,160 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District's proportion of the net pension liability was based on District's contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District's proportion was .1146%, which was an increase of .0158% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016 the District recognized pension expense of \$1,742,682. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 231,527	\$ (730)
Changes of assumptions or other inputs	\$ -	\$ (247,775)
Net difference between projected and actual earnings on pension plan investments	\$ 1,490,811	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ 1,257,699
Contributions subsequent to the measurement date	\$ 492,519	\$ -
Total	\$ 2,214,857	\$ 1,009,194

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

\$492,519 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Fiscal year Total
2017	\$ (950,626)
2018	(878,486)
2019	(596,712)
2020	(305,708)
Total	\$ (2,731,532)

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

Actuarial cost method	Entry Age
Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increase, including wage inflation	3.90-10.10%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1//07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

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

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

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension asset (liability)	\$ (22,728,099)	\$ (17,533,160)	\$ (13,211,939)

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

NOTE 10: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

Plan Description - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2016 program members contributed \$37,120.

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

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

Funding Policy – The District is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015 and 2014, the District contributions to the HCTF were \$57,533, \$50,283 and \$45,133 respectively, equal to their required contributions for each year.

NOTE 12: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited, but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

TABOR Amendment

In November 1992, Colorado voters passed Article X, Section 20, (the TABOR Amendment), to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the Amendment. On November 4, 1997, voters within the District authorized the District to collect, retain and expend all non-property tax revenues in the 1997-1998 fiscal year and in each fiscal year thereafter from all sources without regard to the limitations imposed by the Amendment. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The District has established an emergency reserve of \$259,000 as required by the Amendment.

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 13: INTERFUND ACTIVITY

The General and Capital Reserve Project Funds transferred to the Designated Grants Fund to provide local matches for current grant programs. A summary of these transfers is as follows:

	<u>Transfers In (Out)</u>
<u>General Fund</u>	
Transfer to Designated Grants	\$ (1,343,115)
<u>Designated Grants Fund</u>	
Transfer from General Fund	1,343,115
Transfer from Capital Reserve Fund	2,183
<u>Capital Reserve Projects Fund</u>	
Transfer to Grants Fund	<u>(2,183)</u>
Net Transfers	<u><u>\$ -</u></u>

The District has amounts owed between funds as of the end of the fiscal year. The majority of these balances are comprised of additional operating fund requirements for the District's grants and a Capital Reserve match of a food service equipment grant. A summary of the interfund balances is as follows:

	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$ 111,152
Designated Grants Fund	2,183	-
Bond Redemption Fund	-	6,035
Capital Reserve Fund	<u>117,187</u>	<u>2,183</u>
Balance	<u><u>\$ 119,370</u></u>	<u><u>\$ 119,370</u></u>

EL PASO COUNTY SCHOOL DISTRICT #22

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2016

NOTE 13: INTERFUND ACTIVITY (Continued)

The District has recorded the following allocation of General Fund program costs to grants presented in the Designated Grants Fund as shown below:

	Operating Cost Allocations	Schoolwide Cost Allocations	Total Allocation
<u>General Fund Allocation</u>			
Instruction	\$ (308,870)	\$ (177,281)	\$ (486,151)
Pupil Support	(6,607)	-	(6,607)
Staff Support	(4,000)	-	(4,000)
Operations and Maintenance	(1,500)	-	(1,500)
Transportation	(182,085)	-	(182,085)
<u>Designated Grant Allocation</u>			
CDE Transportation Funding	182,085	-	182,085
READ Act Grant	2,352	-	2,352
NCLB Title VIII - Impact Aid	287,294	-	287,294
ELPA Grant	18,667	-	18,667
Library Grant	4,000	-	4,000
Advanced Placement Incentives Grant	1,386	-	1,386
School Counselor Grant	6,607	-	6,607
Race to the Top - Early Childhood Readines	671	-	671
NCLB Title I, Improving Basic Programs	-	147,587	147,587
NCLB Title IIA - Teacher & Principal Training	-	29,694	29,694
Net Allocations	\$ -	\$ -	\$ -

NOTE 14: BEST GRANT/FACILITY IMPROVEMENTS

The District received a BEST grant through the Colorado Department of Education for facility improvements that commenced during fiscal year 2013 with the District providing an upfront match payment held in escrow of \$2,373,694. The State funded their portion of this program, \$15,885,491, through Certificate of Participation issuances. The State will coordinated the payment to the contractors with no funding flowing through the District other than for reimbursable costs that the District incurred. The District will not receive clear title to the improvements until the State has repaid the certificates. At that point, the District will record a capital asset and related accumulated depreciation for the cost of the BEST improvements, along with offsetting reduction of the outstanding long-term grant receivable.

The improvements completed by the BEST grant totaled \$17,696,456 with the building placed in service September 15, 2014. The building has a depreciated value of \$16,988,598 as of June 30, 2016. The amortized value of the State's contribution as of June 30, 2016 was \$14,780,081, represented as a noncurrent BEST grant receivable. As part of the BEST grant agreement, the District agreed to fund a capital replacement reserve in the amount of \$100 per funded pupil in the facilities impacted by the grant based on the annual October student count, beginning with the June 30, 2016 fiscal year. As of June 30, 2016, this reserve, for \$28,500, was restricted in the Capital Reserve Project Fund.

PENSION SCHEDULES

(Required Supplementary Information – Unaudited)

EL PASO COUNTY SCHOOL DISTRICT #22

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years(1)**

	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
District's proportion of the net pension asset (liability)	0.114639%	0.105808%	0.098820%
District's proportionate share of the net pension asset (liability)	\$ (17,533,160)	\$ (14,340,495)	\$ (12,604,416)
District's covered-employee payroll	\$ 4,995,923	\$ 4,432,583	\$ 3,983,734
District's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	59.16%	62.84%	64.07%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown

(1) - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

EL PASO COUNTY SCHOOL DISTRICT #22

**SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA Pension Plan
Last 10 Fiscal Years(1)**

	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
Contractually required contributions	\$ 865,793	\$ 728,273	\$ 618,674
Actual contributions	<u>(865,793)</u>	<u>(728,273)</u>	<u>(618,674)</u>
Contribution deficiency (excess)	\$ _____ -	\$ _____ -	\$ _____ -
District's covered-employee payroll	\$ 4,995,923	\$ 4,432,583	\$ 3,983,734
Contributions as a percentage of covered-employee payroll	17.33%	16.43%	15.53%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

(1) - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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Required Supplementary Information

EL PASO COUNTY SCHOOL DISTRICT #22
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016				2015 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
REVENUES					
Local Sources					
Property Taxes	\$ 800,000	\$ 800,000	\$ 801,891	\$ 1,891	\$ 765,932
Specific Ownership Taxes	120,000	120,000	88,656	(31,344)	111,447
Delinquent Taxes	3,000	3,000	2,843	(157)	3,882
Investment Earnings	5,000	5,000	11,723	6,723	4,832
Rent Revenue	40,000	270,000	21,464	(248,536)	26,063
Instructional Materials Fees	-	-	1,590	1,590	4,615
Local BOCES Passthrough	110,000	510,000	14,098	(495,902)	13,400
Insurance Proceeds	-	-	-	-	15,922
Other Local	-	-	(6,497)	(6,497)	17,876
Total Local Sources	<u>1,078,000</u>	<u>1,708,000</u>	<u>935,768</u>	<u>(772,232)</u>	<u>963,969</u>
Intermediate Sources					
Mineral Leases	-	-	81	81	87
Impact Fee Revenue	-	-	568	568	-
Total Intermediate Sources	<u>-</u>	<u>-</u>	<u>649</u>	<u>649</u>	<u>87</u>
State Sources					
State Equalization	6,921,393	6,884,676	6,861,586	(23,090)	6,670,278
State Grants from CDE					
Additional At Risk Funding	8,517	259,697	-	(259,697)	-
Other CDE State Grants	200,000	200,000	-	(200,000)	-
State Grants from Other Agencies					
Other Agency State Grants	<u>256,768</u>	<u>256,768</u>	<u>-</u>	<u>(256,768)</u>	<u>-</u>
Total State Sources	<u>7,386,678</u>	<u>7,601,141</u>	<u>6,861,586</u>	<u>(739,555)</u>	<u>6,670,278</u>
Federal Sources					
Federal Grants from CDE					
Other Federal Grants	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>
TOTAL REVENUES	<u>8,564,678</u>	<u>9,409,141</u>	<u>7,798,003</u>	<u>(1,611,138)</u>	<u>7,634,334</u>

(Continued)

See the accompanying Independent Auditors' Report

EL PASO COUNTY SCHOOL DISTRICT #22
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016			Variance with Final Budget	2015
	Original Budget	Final Budget	Actual		Actual
(Continued)					
EXPENDITURES					
Instruction					
Salaries	2,952,000	2,872,900	2,898,066	(25,166)	2,556,779
Benefits	1,224,440	1,176,940	885,323	291,617	796,116
PS - Professional	20,500	11,400	8,767	2,633	8,684
PS - Property	62,500	44,600	26,879	17,721	32,180
PS - Other	141,300	167,050	153,966	13,084	101,361
Supplies	270,500	269,000	278,488	(9,488)	147,031
Property	82,000	73,600	41,575	32,025	57,525
Other Expenses	(134,500)	(444,955)	(480,124)	35,169	(362,058)
Total Instruction	<u>4,618,740</u>	<u>4,170,535</u>	<u>3,812,940</u>	<u>357,595</u>	<u>3,337,618</u>
Supporting Services					
Pupil Support					
Salaries	112,000	112,000	89,967	22,033	87,844
Benefits	44,000	44,000	29,847	14,153	28,952
PS - Other	500	500	-	500	-
Supplies	1,000	1,200	1,752	(552)	-
Other Expenses	-	-	(6,607)	6,607	-
Total Pupil Support	<u>157,500</u>	<u>157,700</u>	<u>114,959</u>	<u>42,741</u>	<u>116,796</u>
Staff Support					
Salaries	114,000	114,000	100,734	13,266	101,422
Benefits	54,500	54,500	43,853	10,647	37,824
PS - Professional	6,000	6,000	3,994	2,006	5,470
PS - Property	1,500	1,500	1,495	5	-
PS - Other	500	500	6,151	(5,651)	79
Supplies	35,000	35,000	35,006	(6)	25,369
Other Expenses	(3,000)	(4,000)	(4,000)	-	(2,475)
Total Staff Support	<u>208,500</u>	<u>207,500</u>	<u>187,233</u>	<u>20,267</u>	<u>167,689</u>
General Administration					
Salaries	135,000	135,000	135,688	(688)	132,952
Benefits	43,000	43,000	41,190	1,810	36,383
PS - Professional	40,000	32,500	41,917	(9,417)	33,952
PS - Other	15,000	13,500	14,572	(1,072)	12,536
Supplies	12,000	7,000	9,398	(2,398)	5,867
Other Expenses	3,000	3,500	8,569	(5,069)	10,616
Total General Administration	<u>248,000</u>	<u>234,500</u>	<u>251,334</u>	<u>(16,834)</u>	<u>232,306</u>
School Administration					
Salaries	619,000	620,500	633,793	(13,293)	598,029
Benefits	229,000	223,500	170,158	53,342	156,216
PS - Other	10,000	12,748	15,831	(3,083)	11,638
Supplies	15,000	16,500	7,760	8,740	5,786
Total School Administration	<u>873,000</u>	<u>873,248</u>	<u>827,542</u>	<u>45,706</u>	<u>771,669</u>

(Continued)

See the accompanying Independent Auditors' Report

EL PASO COUNTY SCHOOL DISTRICT #22
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016				2015 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
(Continued)					
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Services					
Salaries	303,360	203,360	204,932	(1,572)	178,282
Benefits	104,000	91,000	58,790	32,210	55,668
PS - Professional	12,000	3,000	3,767	(767)	9,817
PS - Property	5,000	2,000	1,690	310	4,523
PS - Other	18,000	37,618	44,732	(7,114)	10,586
Supplies	80,000	18,000	30,052	(12,052)	57,859
Property	20,000	8,000	7,012	988	5,016
Other Expenses	1,503	1,000	1,943	(943)	(79,159)
Total Business Services	<u>543,863</u>	<u>363,978</u>	<u>352,918</u>	<u>11,060</u>	<u>242,592</u>
Operations and Maintenance					
Salaries	85,000	85,000	90,721	(5,721)	85,069
Benefits	33,000	33,000	36,664	(3,664)	33,128
PS - Professional	25,000	25,000	22,041	2,959	24,740
PS - Property	295,000	357,000	344,334	12,666	242,992
PS - Other	420,730	43,000	51,680	(8,680)	89,326
Supplies	15,000	205,000	236,649	(31,649)	282,463
Property	100,000	56,862	53,659	3,203	13,264
Other Expenses	(12,500)	(12,500)	(1,500)	(11,000)	-
Total Operations and Maintenance	<u>961,230</u>	<u>792,362</u>	<u>834,248</u>	<u>(41,886)</u>	<u>770,982</u>
Transportation					
Salaries	278,500	278,499	298,416	(19,917)	282,739
Benefits	88,000	88,000	72,588	15,412	66,388
PS - Professional	6,000	6,000	2,925	3,075	4,154
PS - Property	25,000	31,577	24,335	7,242	16,872
PS - Other	36,874	63,535	46,889	16,646	13,430
Supplies	175,000	175,000	123,626	51,374	126,727
Property	100,000	93,423	93,423	-	-
Other Expenses	(245,000)	(174,903)	(182,085)	7,182	(213,177)
Total Transportation	<u>464,374</u>	<u>561,131</u>	<u>480,117</u>	<u>81,014</u>	<u>297,133</u>
Other Central Support					
Salaries	100,000	130,000	130,316	(316)	91,354
Benefits	38,000	48,000	47,308	692	36,621
PS - Professional	102,000	70,000	87,494	(17,494)	100,094
PS - Property	-	12,500	10,472	2,028	-
PS - Other	100,000	-	-	-	198
Supplies	10,000	62,083	53,775	8,308	5,109
Property	250,000	277,600	272,830	4,770	164,962
Other Expenses	(270,000)	-	-	-	-
Total Other Central Support	<u>330,000</u>	<u>600,183</u>	<u>602,195</u>	<u>(2,012)</u>	<u>398,338</u>
Risk Management					
Benefits	-	-	21	(21)	3,904
PS - Professional	-	-	-	-	149
PS - Other	2,000	1,000	332	668	55,125
Total Risk Management	<u>2,000</u>	<u>1,000</u>	<u>353</u>	<u>647</u>	<u>59,178</u>
Total Supporting Services	<u>3,788,467</u>	<u>3,791,602</u>	<u>3,650,899</u>	<u>140,703</u>	<u>3,056,683</u>
Other Uses					
Up-Front Grant Match	-	-	4,341	(4,341)	4,330
Contingency	<u>1,482,871</u>	<u>2,450,148</u>	<u>-</u>	<u>2,450,148</u>	<u>-</u>
TOTAL EXPENDITURES	<u>9,890,078</u>	<u>10,412,285</u>	<u>7,468,180</u>	<u>2,944,105</u>	<u>6,398,631</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(1,325,400)</u>	<u>(1,003,144)</u>	<u>329,823</u>	<u>1,332,967</u>	<u>1,235,703</u>
OTHER FINANCING SOURCES (USES)					
Transfers	(1,094,600)	(950,000)	(1,343,115)	(393,115)	(1,652,535)
CHANGE IN FUND BALANCE	<u>(2,420,000)</u>	<u>(1,953,144)</u>	<u>(1,013,292)</u>	<u>939,852</u>	<u>(416,832)</u>
BEGINNING FUND BALANCE	<u>3,420,000</u>	<u>3,183,144</u>	<u>3,183,144</u>	<u>-</u>	<u>3,599,976</u>
ENDING FUND BALANCE	<u>\$ 1,000,000</u>	<u>\$ 1,230,000</u>	<u>\$ 2,169,852</u>	<u>\$ 939,852</u>	<u>\$ 3,183,144</u>

See accompanying Independent Auditors' Report.

Special Revenue Funds

EL PASO COUNTY SCHOOL DISTRICT #22
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Food Service Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016		Variance with Final Budget	2015
	Final Budget	Actual		Actual
REVENUES				
Local Sources				
Food Service Revenue	\$ 145,000	\$ 113,333	\$ (31,667)	\$ 92,546
Other Local	-	378	378	-
Total Local Sources	<u>145,000</u>	<u>113,711</u>	<u>(31,289)</u>	<u>92,546</u>
State Sources				
State Grants from CDE				
State Match - Child Nutrition	10,000	4,202	(5,798)	3,987
Smart Start Nutrition	5,000	1,910	(3,090)	1,928
State K-2 Reduced Lunch	<u>10,000</u>	<u>3,450</u>	<u>(6,550)</u>	<u>4,198</u>
Total State Sources	<u>25,000</u>	<u>9,562</u>	<u>(15,438)</u>	<u>10,113</u>
Federal Sources				
Federal Grants from CDE				
School Breakfast Program	75,000	71,308	(3,692)	62,886
Special Milk Program	-	973	973	528
National School Lunch Program	265,000	261,198	(3,802)	250,507
Summer Food Service Program	-	7,072	7,072	5,439
Federal Fresh Fruit & Vegetable	80,000	20,707	(59,293)	22,412
Federal Grants from Other State Agencies				
Commodities	-	<u>31,117</u>	<u>31,117</u>	<u>21,679</u>
Total Federal Sources	<u>420,000</u>	<u>392,375</u>	<u>(27,625)</u>	<u>363,451</u>
TOTAL REVENUES	<u>590,000</u>	<u>515,648</u>	<u>(74,352)</u>	<u>466,110</u>
EXPENDITURES				
Food Service				
Salaries	200,000	158,418	41,582	137,769
Benefits	79,000	65,101	13,899	52,967
PS - Professional	8,000	1,278	6,722	5,838
PS - Property	8,000	1,911	6,089	6,675
PS - Other	19,619	20,121	(502)	4,720
Supplies	22,707	20,521	2,186	3,904
Food	253,793	292,088	(38,295)	279,434
Commodities	1,000	31,117	(30,117)	20,935
Property	9,000	6,256	2,744	771
Total Food Service	<u>601,119</u>	<u>596,811</u>	<u>4,308</u>	<u>513,013</u>
Contingency	<u>80,297</u>	-	<u>80,297</u>	-
TOTAL EXPENDITURES	<u>681,416</u>	<u>596,811</u>	<u>84,605</u>	<u>513,013</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(91,416)	(81,163)	10,253	(46,903)
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	(7,114)
CHANGE IN FUND BALANCE	(91,416)	(81,163)	10,253	(54,017)
BEGINNING FUND BALANCE	91,416	91,416	-	145,433
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 10,253</u>	<u>\$ 10,253</u>	<u>\$ 91,416</u>

See accompanying Independent Auditors' Report.

EL PASO COUNTY SCHOOL DISTRICT #22
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Designated Grants Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016				2015 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
REVENUES					
Local Sources					
Donations	\$ -	\$ -	\$ 1,000	\$ 1,000	\$ -
Local BOCES Passthrough	-	-	-	-	8,639
Total Local Sources	-	-	1,000	1,000	8,639
State Sources					
Transportation	160,000	174,903	182,085	7,182	163,177
State Grants from CDE					
ELPA Professional Development	-	-	27,765	27,765	22,106
State ELPA	38,000	44,596	18,667	(25,929)	15,595
State Vocational Education	10,000	10,000	-	(10,000)	-
State Gifted and Talented	9,720	9,720	-	(9,720)	-
School Counselor Grant	25,000	39,567	39,567	-	-
READ Act Grant	50,000	31,706	31,706	-	52,975
Library Grant	3,000	4,000	4,000	-	3,000
Curriculum Grant	10,000	-	-	-	12,000
Other CDE Grant	75,000	-	-	-	-
Advanced Placement Incentives Grant	-	4,500	4,500	-	-
Small Rural Schools Funding	-	259,697	-	(259,697)	-
State Vocational Education	-	-	31,581	31,581	-
State Grants Provided through BOCES	-	-	192,546	192,546	68,872
Total State Sources	380,720	578,689	532,417	(46,272)	337,725
Federal Sources					
Federal Grants from CDE					
NCLB Title I, Part A - Improving Basic Programs	147,637	147,637	147,587	(50)	164,041
NCLB Title III, Part A - English Language Acquisition	8,148	-	-	-	-
NCLB Title II, Part A - Teacher & Principal Training	29,742	29,742	29,694	(48)	30,076
National School Lunch Equipment	-	-	12,529	12,529	-
Race to the Top - Early Childhood Readiness	-	-	671	671	-
Medicaid Reimbursement	1,000	1,000	-	(1,000)	-
Federal Grants from Other State Agencies					
Carl Perkins Vocational Education	4,000	4,000	6,034	2,034	4,702
Direct Federal Revenue					
NCLB Title VIII - Impact Aid	270,000	270,000	287,293	17,293	268,605
Federal Provided through BOCES	-	7,848	7,848	-	9,340
Total Federal Sources	460,527	460,227	491,656	31,429	476,764
TOTAL REVENUES	841,247	1,038,916	1,025,073	(13,843)	823,128

(Continued)

See the accompanying Independent Auditors' Report

EL PASO COUNTY SCHOOL DISTRICT #22
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Designated Grants Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016				2015 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
(Continued)					
EXPENDITURES					
Instruction					
Salaries	852,350	842,550	901,411	(58,861)	582,853
Benefits	369,600	302,400	299,460	2,940	214,026
PS - Professional	-	71,300	71,977	(677)	1,917
PS - Property	-	2,500	1,028	1,472	720
PS - Other	(2,031)	195,384	249,999	(54,615)	365,261
Supplies	14,000	45,756	45,717	39	34,640
Other Expenses	378,397	477,756	487,651	(9,895)	504,246
Total Instruction	<u>1,612,316</u>	<u>1,937,646</u>	<u>2,057,243</u>	<u>(119,597)</u>	<u>1,703,663</u>
Pupil Support					
Salaries	-	18,934	16,038	2,896	-
Benefits	-	7,316	6,437	879	-
PS - Professional	-	2,000	1,727	273	-
PS - Other	-	6,546	5,692	854	-
Supplies	-	3,113	3,066	47	405
Other Expenses	101,000	3,271	6,607	(3,336)	-
Total Pupil Support	<u>101,000</u>	<u>41,180</u>	<u>39,567</u>	<u>1,613</u>	<u>405</u>
Staff Support					
Salaries	9,600	-	-	-	21,978
Benefits	400	-	-	-	5,646
PS - Professional	1,000	1,000	-	1,000	-
PS - Other	5,000	6,000	-	6,000	127
Supplies	5,000	3,000	-	3,000	-
Other Expenses	(18,000)	4,000	4,000	-	3,000
Total Staff Support	<u>3,000</u>	<u>14,000</u>	<u>4,000</u>	<u>10,000</u>	<u>30,751</u>
School Administration					
Salaries	-	-	-	-	7,000
Benefits	-	-	-	-	1,639
Total School Administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,639</u>
Business Services					
Other Expenses	-	-	-	-	11,400
Total Business Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,400</u>
Transportation					
Salaries	46,500	57,000	56,710	290	50,175
Benefits	11,000	18,500	15,344	3,156	14,567
Supplies	2,031	2,031	710	1,321	-
Other Expenses	160,000	174,903	182,085	(7,182)	163,177
Total Transportation	<u>219,531</u>	<u>252,434</u>	<u>254,849</u>	<u>(2,415)</u>	<u>227,919</u>
Food Service					
Property	-	-	14,712	(14,712)	-
Contingency					
	-	(256,344)	-	(256,344)	-
TOTAL EXPENDITURES	<u>1,935,847</u>	<u>1,988,916</u>	<u>2,370,371</u>	<u>(381,455)</u>	<u>1,982,777</u>
OTHER FINANCING SOURCES (USES)					
Transfers	1,094,600	950,000	1,345,298	395,298	1,159,649
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
BEGINNING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

Other Supplementary Information

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Debt Service Fund

EL PASO COUNTY SCHOOL DISTRICT #22
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	<u>2016</u>			<u>2015</u>
	<u>Final</u>		<u>Variance</u>	
	<u>Budget</u>	<u>Actual</u>	<u>with Final</u>	
			<u>Budget</u>	<u>Actual</u>
REVENUES				
Local Sources				
Property Taxes	\$ 250,000	\$ 296,986	\$ 46,986	\$ 281,942
Delinquent Taxes	200	1,023	823	1,712
Investment Earnings	1,500	1,192	(308)	446
TOTAL REVENUES	<u>251,700</u>	<u>299,201</u>	<u>47,501</u>	<u>284,100</u>
EXPENDITURES				
Debt Service				
Principal	96,269	88,804	7,465	85,291
Interest	80,093	86,005	(5,912)	89,590
Total Debt Service	176,362	174,809	1,553	174,881
Contingency	<u>428,016</u>	<u>-</u>	<u>428,016</u>	<u>-</u>
TOTAL EXPENDITURES	<u>604,378</u>	<u>174,809</u>	<u>429,569</u>	<u>174,881</u>
CHANGE IN FUND BALANCE	(352,678)	124,392	477,070	109,219
BEGINNING FUND BALANCE	<u>352,678</u>	<u>352,678</u>	<u>-</u>	<u>243,459</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 477,070</u>	<u>\$ 477,070</u>	<u>\$ 352,678</u>

See accompanying Independent Auditors' Report.

Capital Projects Fund

EL PASO COUNTY SCHOOL DISTRICT #22
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Project Fund
For the Year Ended June 30, 2016

	2016			
	Original and			Variance
	Final	Actual	with Final	2015
	Budget		Budget	Actual
REVENUES				
Local Sources				
Specific Ownership Taxes	\$ -	\$ 32,784	\$ 32,784	\$ -
Investment Earnings	-	458	458	260
Rent Revenue	-	62,760	62,760	214,097
Insurance Proceeds	70,000	77,795	7,795	-
Other Local	-	63,722	63,722	-
TOTAL REVENUES	70,000	237,519	167,519	214,357
EXPENDITURES				
Instruction				
Property	-	-	-	7,659
Supporting Services				
Business Services				
Property	-	-	-	20,798
Operations and Maintenance				
Property	-	-	-	(12,579)
Facilities/Capital Outlay				
PS - Professional	-	30	(30)	6,602
Buildings	-	31,549	(31,549)	27,767
Equipment	200,000	20,780	179,220	16,955
Non-Capitalized Equipment	60,000	346,675	(286,675)	166,139
Total Facilities/Capital Outlay	260,000	399,034	(139,034)	217,463
Debt Service				
Principal	-	-	-	540,974
Interest	-	-	-	7,414
Total Debt Service	-	-	-	548,388
Contingency	193,230	-	193,230	-
TOTAL EXPENDITURES	453,230	399,034	54,196	781,729
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(383,230)	(161,515)	221,715	(567,372)
OTHER FINANCING SOURCES (USES)				
Transfers	-	(2,183)	(2,183)	500,000
CHANGE IN FUND BALANCE	(383,230)	(163,698)	219,532	(67,372)
BEGINNING FUND BALANCE	383,230	383,230	-	450,602
ENDING FUND BALANCE	\$ -	\$ 219,532	\$ 219,532	\$ 383,230

See accompanying Independent Auditors' Report.

FIDUCIARY FUND TYPE

Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private and student groups.

The District has established an agency fund to account for various student activity groups and contributions from private organizations. The agency fund is custodial in nature and does not involve measurement of results of operations.

EL PASO COUNTY SCHOOL DISTRICT #22
Schedule of Revenues, Expenses and Changes in Fiduciary Net Position
Budget and Actual
Fiduciary Funds
Pupil Activity Agency Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016		Variance with Final Budget	2015	
	Final Budget	Actual		Budget	Actual
ADDITIONS					
Local Sources	\$ 120,000	\$ 207,898	\$ 87,898	\$ 122,092	
DEDUCTIONS					
Instruction	100,000	179,134	(79,134)	160,534	
Contingency	65,898	-	65,898	-	
TOTAL DEDUCTIONS	<u>165,898</u>	<u>179,134</u>	<u>(13,236)</u>	<u>160,534</u>	
CHANGE IN NET POSITION	(45,898)	28,764	74,662	(38,442)	
BEGINNING NET POSITION	<u>45,898</u>	<u>45,898</u>	-	<u>84,340</u>	
ENDING NET POSITION	<u>\$ -</u>	<u>\$ 74,662</u>	<u>\$ 74,662</u>	<u>\$ 45,898</u>	

See accompanying Independent Auditors' Report.

State Compliance



Colorado Department of Education

Auditors Integrity Report

District: 1050 - ELLICOTT 22
 Fiscal Year 2015-16
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental					
10 General Fund	3,120,375	6,130,058	7,157,618		2,092,815
18 Risk Mgmt Sub-Fund of General Fund	0	0	0		0
19 Colorado Preschool Program Fund	62,769	324,829	310,561		77,037
Sub- Total	3,183,144	6,454,887	7,468,179		2,169,852
11 Charter School Fund	0	0	0		0
20,26-29 Special Revenue Fund	0	0	0		0
21 Food Service Spec Revenue Fund	91,416	515,647	586,810		10,253
22 Govt Designated-Purpose Grants Fund	0	2,370,371	2,370,371		0
23 Pupil Activity Special Revenue Fund	0	0	0		0
24 Full Day Kindergarten Mill Levy Override	0	0	0		0
25 Transportation Fund	0	0	0		0
31 Bond Redemption Fund	352,678	289,200	174,809		477,070
39 Certificate of Participation (COP) Debt Service Fund	0	0	0		0
41 Building Fund	0	0	0		0
42 Special Building Fund	0	0	0		0
43 Capital Reserve Capital Projects Fund	383,230	235,337	399,034		219,532
Totals	4,010,468	9,875,443	11,009,204		2,876,707
Proprietary					
50 Other Enterprise Funds	0	0	0		0
64 (63) Risk-Related Activity Fund	0	0	0		0
60,65-69 Other Internal Service Funds	0	0	0		0
Totals	0	0	0		0
Fiduciary					
70 Other Trust and Agency Funds	0	0	0		0
72 Private Purpose Trust Fund	0	0	0		0
73 Agency Fund	0	0	0		0
74 Pupil Activity Agency Fund	45,898	207,898	179,133		74,662
79 GASB 34-Permanent Fund	0	0	0		0
85 Foundations	0	0	0		0
Totals	45,898	207,898	179,133		74,662

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.
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Colorado Department of Education

Bolded Balance Sheet Report

District: 050-
ELLICOTT 22

Fiscal Year: 2015-16

Colorado School District/BOCES

Governmental

Proprietary

Fiduciary

	General Funds 10, 12	Charter School Fund 1, 1	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Fund 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 60-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
ASSETS													
Cash and Investments (8100-8104,8111)	18,859	0	128,685	38,110	436,888	40,469	107,414	0	0	0	86,723	0	4,108,516
Cash with Fiscal Agent (8105)	9,254	0	0	0	0	3,429	0	0	0	0	0	0	12,684
Taxes Receivable (8121, 8122)	45,084	0	0	0	0	16,897	0	0	0	0	0	0	61,981
Interfund Loans Receivable (8131, 8132)	7,181	0	0	0	2,183	0	117,187	0	0	0	0	0	119,370
Grants Accounts Receivable (8142)	69	0	0	0	39,643	0	0	0	0	0	0	0	46,824
Other Receivables (8151-8154, 8161)	0	0	0	11,257	0	0	0	0	0	0	0	0	11,257
Inventories (8171, 8172, 8173)	0	0	0	11,766	0	0	0	0	0	0	0	0	11,766
Prepaid Expenses (8181, 8182)	7,907	0	0	0	0	0	0	0	0	0	0	0	7,907
Machinery and Equipment (8241, 8242, 8251)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	2,875,354	0	128,685	81,882	486,724	483,104	224,602	0	0	0	86,723	0	4,482,174

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	Governmental		Proprietary			Fiduciary							Totals
	General	Preschool	Food Service	Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 60-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	
LIABILITIES & FUND EQUITY													
LIABILITIES													
Interfund Payables (7401,7402)	111,153	0	0	0	0	2,183	0	0	0	0	0	0	119,370
Other Payables (7421-7423)	91,539	1,481	0	6,021	12,723	0	2,866	0	0	0	0	0	114,960
Accrued Expenses (7461)	682,547	0	50,167	26,989	217,543	0	0	0	0	0	12,160	0	989,228
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7600)	0	0	0	18,799	0	0	0	0	0	0	0	0	18,799
Contract Inflow Grants (7801)	0	0	0	268,749	0	0	0	0	0	0	0	0	268,749
Total Liabilities	885,639	0	51,648	51,729	486,724	6,035	5,069	0	0	0	12,160	0	1,510,804
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