

El Paso County School District No. 8

Financial Statements

June 30, 2016



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EL PASO COUNTY SCHOOL DISTRICT NO. 8

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Board of Education
El Paso County School District No. 8
Fountain, 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 No. 8 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 El Paso County School District No. 8, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 8 as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters (Required Supplementary Information)

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

Other Matters (Other Information)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso County School District No. 8's basic financial statements. The supplementary information and the auditors integrity report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the 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 basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2016, on our consideration of the El Paso County School District No. 8's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the El Paso County School District No. 8's internal control over financial reporting and compliance.



December 9, 2016

Management's Discussion and Analysis

As management of El Paso County School District No. 8, we offer readers of the District's Basic Financial Statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the information furnished in our financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$10,073,288 (net position). This includes the net pension liability \$154,340,613 reported in compliance with GASB 68 which requires all PERA contributors to record their share of the net pension liability on the Statement of Net Position. More information on GASB 68 can be found in the notes to the financial statements.
- The District's total net position increased by \$812,152 during the fiscal year.
- At the close of the current fiscal year, the District's *governmental funds* reported combined ending fund balances of \$19,500,462, which represents an increase of \$840,658 from the prior year.
- The *governmental funds* reported an unassigned fund balance of \$3,460,692 in the General Fund, and assigned fund balances of \$12,382,177 in the Building Fund, \$363,747 in the Capital Projects Fund, and \$675,655 in the Food Service Fund.
- At June 30, 2016, \$1,770,000 of the General Fund fund balance was restricted for the emergency contingency required by Article X, Section 20 of the Colorado Constitution (TABOR).
- During 2016, the District received a total of \$26,550,642 federal Impact Aid funding of which \$26,492,892 is recorded in the General Fund and \$57,750 is recorded in the Building Fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the El Paso County School District No. 8 basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) major 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 of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include: instruction, instructional support, administration, central support services, food service operations and community services.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, 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* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflow 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 a government'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 government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Governmental Funds (continued)

The District maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, and Building Fund which are both considered to be major funds and combined for the Food Service Fund, Designated Purpose Grants Fund and Capital Projects Fund which are all considered non-major governmental funds.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is on the full accrual basis. The District uses an agency fund to account for its Pupil Activities.

Notes to the Financial Statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule, Required Supplementary Information (RSI), has been provided for the General Fund to demonstrate compliance with this budget. Notes to the RSI are also included in this report. In addition, due to the implementation of GASB 68, an RSI schedule disclosing the District's proportionate share of net pension liabilities and contributions to PERA has been provided.

Supplementary Information, including budget schedules for the remaining governmental funds and the fiduciary fund are presented immediately following the Notes to the RSI.

Government-Wide Financial Analysis

- As noted earlier, net position may serve over time as a useful indicator of the District's financial position, The District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources resulting in a net position of \$10,073,288 at the close of the most recent fiscal year.
- \$126,555,641 of net position represents the District's net investment in capital assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.
- A portion of the District's net position totaling \$2,299,179 represents resources that are subject to external restriction on how they may be used.
- A key component of the District's net governmental position is the large net pension liability of \$154,340,613. Prior to the implementation of Statement 68 from the Governmental Accounting Standards Board (GASB), the District was not required as a contributor to PERA to record their share of the net pension liability. The implementation of GASB 68 is outlined in the notes to the basic financial statements.

Government-Wide Financial Analysis (continued)

- Due to the addition of the net pension liability, at the end of the current fiscal year the District's unrestricted net asset (deficit) balance is negative \$118,781,532.
- During 2016, District-wide net position increased by \$812,152.
- The District's ability to finance services in the future is reflected by the difference between current assets (those that will be converted into cash within one year) and current liabilities (amounts payable within one year). The District's current asset ratio at June 30, 2016 is 2.13 (2.23 at June 30, 2015) meaning the District has liquid assets equal to 2.13 times its other liabilities.

PRIMARY GOVERNMENT CONDENSED STATEMENT OF NET POSITION

	Governmental Activities	
	2016	2015
ASSETS		
Current assets	\$ 31,061,751	\$ 28,620,483
Capital assets	128,546,330	121,747,936
Total assets	<u>159,608,081</u>	<u>150,368,419</u>
DEFERRED OUTFLOWS	<u>23,884,611</u>	<u>10,682,603</u>
LIABILITIES		
Other liabilities	14,581,928	12,861,920
Long-term debt	156,645,296	138,917,940
Total liabilities	<u>171,227,224</u>	<u>151,779,860</u>
DEFERRED INFLOWS	<u>2,187,420</u>	<u>10,026</u>
NET POSITION		
Net investment in capital assets	126,555,641	117,811,557
Restricted	2,299,179	2,070,503
Unrestricted	(118,781,532)	(110,620,924)
Total net position	<u>\$ 10,073,288</u>	<u>\$ 9,261,136</u>

Governmental Activities. Governmental activities increased the District’s net position by \$812,152, thereby accounting for 100% of the total growth in the net position of the District.

- The cost of all governmental activities was \$92,535,750.
- Users of the District’s governmental programs financed \$1,330,763.
- Federal and state governments subsidized certain programs with operating grants totaling \$11,496,427 and capital contributions of \$57,750.
- General revenues for governmental activities of \$80,462,962 include \$3,548,190 of property taxes, \$49,633,770 of state equalization and \$26,492,892 of federal impact aid funding.

PRIMARY GOVERNMENT CONDENSED STATEMENT OF CHANGES IN NET POSITION

	Governmental Activities	
	2016	2015
REVENUES		
Program Revenues:		
Charges for services	\$ 1,330,763	\$ 1,401,190
Operating grants and contributions	11,496,427	11,299,068
Capital grants and contributions	57,750	759,402
General Revenues:		
Property and specific ownership taxes	3,548,190	3,580,782
State equalization	49,633,770	48,036,483
Impact aid	26,492,892	25,817,454
Other revenue	726,141	579,359
Earnings on investments	61,969	20,965
Total Revenues	<u>93,347,902</u>	<u>91,494,703</u>
EXPENSES		
Instruction	53,281,888	52,430,532
Instructional supporting services	8,670,773	7,437,644
Administration	7,519,119	6,420,160
Support services	22,571,218	21,062,762
Community services	349,802	290,171
Interest and fiscal charges	142,950	153,924
Total Expenses	<u>92,535,750</u>	<u>87,795,193</u>
Increase (decrease) in net position	812,152	3,699,510
Beginning net position	<u>9,261,136</u>	<u>5,561,626</u>
Ending net position	<u>\$ 10,073,288</u>	<u>\$ 9,261,136</u>

Financial Analysis of the District’s Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$19,500,462. Approximately 18% of this total amount constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *non-spendable, restricted, or assigned* to indicate that it is not available for new spending because it has already been committed for various purposes including 1) for purchased inventory, 2) insurance activities, 3) for constitutional amendment, and 4) future capital projects.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,460,692, while total fund balance reached \$5,933,934. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 5.0% of total General Fund expenditures, while total fund balance represents 8.5% of that same amount.

The fund balance of the District's General Fund decreased by \$318,721 during the current fiscal year compared to an increase of \$795,331 in the prior year. This decrease was anticipated in the 2015-16 mid-year budget and represents a planned use of beginning fund balance for the change in leave policy.

General Fund revenue totaled \$86,070,163 during the current fiscal year compared to \$83,647,654 in the prior year. This reflects an increase in state equalization and federal impact aid revenues.

Fund balance of the District's other major governmental fund, the Building Fund, increased by \$1,592,608 during the current fiscal year compared to an increase of \$1,448,718 in the prior year.

Major Fund Budgetary Highlights

The District approves the original budget in June based on enrollment projections for the following school year. In December, after funded pupil counts are certified, necessary revenue adjustments are included in the mid-year budget revision.

Colorado Statutes permit transferring budgeted amounts from one object or purpose to another within the same fund. Board policy allows management to transfer budgets between objects or purposes without obtaining authorization from the Board of Education.

Differences between the original general fund expenditures budget and the final amended budget totaled \$732,203 or 1.0% of the total original budget. The amended General Fund budget for revenues increased by \$522,915 or 0.6% of the original budget and resulted primarily from an increase in federal impact aid and decrease in state equalization revenues.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets as of June 30, 2016 amounts to \$128,546,330 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery, equipment, and vehicles. The net increase in the District's capital assets for the current fiscal year was \$6,798,394, which represents an increase of 5.6% over the June 30, 2015 balance.

During the year, the District completed construction of Conrad Early Learning Center which opened in August 2015 and Multi-use Fields at Fountain-Fort Carson High School which opened in the Spring of 2016. The District began renovating Jordahl Elementary School to add classrooms, expand the gymnasium and cafeteria and update infrastructure throughout the building. The Jordahl renovation was completed in October 2016. In addition, the District began pre-construction work to replace Fountain Middle School which was originally built in the 1950's. This project has been divided into six Phases and will span several fiscal years.

Debt Administration. At the end of the current fiscal year, the District had Certificates of Participation (COPs) outstanding of \$2,040,000 all due within the next twelve months. In addition, the balance outstanding on the District's lease to purchase technology equipment was \$1,600,786 at June 30, 2016.

For more detailed information on capital assets and debt administration, see Note 4 and Note 5 to the basic financial statements.

Economic Factors and Next Year's Budgets

Although there are new residential and commercial developments in the City of Fountain, enrollment in the school District declined during 2015-16. On Fort Carson, the demolition of 114 homes within Mountainside Elementary School's attendance area and an unusually high vacancy rate on Post contributed to the reduction in students. The vacancy rate on Fort Carson has returned to normal levels and the new housing units in Mountainside's attendance area are scheduled for occupancy starting January 2017. In Fountain, there continues to be residential growth surrounding Eagleside and Jordahl Elementary Schools.

The majority of the District's funding is based on pupil count. Instability caused by the demolition and replacement of housing units on Post and deployment of thousands of soldiers makes estimating pupils much more difficult. The District will have fluctuations in student growth through the coming years and anticipates declining or modest student enrollment growth over the next few years.

The District is reviewing several options to accommodate projected student growth in Fountain through fiscal year 2020-21 including the complete rebuild of Fountain Middle School to update infrastructure and add capacity and possible boundary changes to the elementary school attendance areas in Fountain.

Requests for Information

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

Office of the Assistant Superintendent of Business
El Paso County School District No. 8
10665 Jimmy Camp Road
Fountain, CO 80817

BASIC FINANCIAL STATEMENTS

EL PASO COUNTY SCHOOL DISTRICT NO. 8
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government Governmental Activities
ASSETS	
Cash and investments	\$ 30,202,528
Accounts receivable	104,876
Taxes receivable	163,104
Intergovernmental receivables	406,452
Inventories	184,791
Capital assets, not being depreciated	7,747,542
Capital assets, depreciated, net	120,798,788
Total assets	159,608,081
 DEFERRED OUTFLOWS OF RESOURCES	
Loss on debt refunding, net of accumulated amortization	49,311
Pensions, net of accumulated amortization	23,835,300
Total assets and deferred outflows of resources	183,492,692
 LIABILITIES	
Accounts payable and other current liabilities	2,484,780
Accrued salaries and benefits	8,416,321
Unearned revenues	604,363
Accrued interest payable	6,822
Non-current liabilities due within one year	3,074,402
Non-current liabilities due in more than one year:	
Compensated absences - net of current portion	1,498,299
Equipment Lease - net of current portion	806,384
Net pension liability	154,340,613
Total liabilities	171,231,984
 DEFERRED INFLOWS OF RESOURCES	
Pensions, net of accumulated amortization	2,187,420
Total liabilities and deferred inflows of resources	173,419,404
 NET POSITION	
Net investment in capital assets	126,555,641
Restricted for	
Mill Levy Override	
Instructional materials and salaries	457,179
Constitutional amendment (TABOR)	1,770,000
BEST Grant Capital Renewal Reserve	72,000
Unrestricted	(118,781,532)
Total net position	\$ 10,073,288

The accompanying notes are an integral part of the basic financial statements.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Governmental Activities</u>
Governmental activities:					
Instruction	\$ 53,281,888	\$ 161,479	\$ 7,654,528	\$ -	\$ (45,465,881)
Instructional support	8,670,773	-	706,388	-	(7,964,385)
Administration	7,519,119	-	-	-	(7,519,119)
Central support services	22,571,218	1,112,656	3,097,482	57,750	(18,303,330)
Community services	349,802	56,628	38,029	-	(255,145)
Interest and fiscal charges	142,950	-	-	-	(142,950)
Total primary government	<u>\$ 92,535,750</u>	<u>\$ 1,330,763</u>	<u>\$ 11,496,427</u>	<u>\$ 57,750</u>	<u>(79,650,810)</u>
General revenues:					
Property taxes					3,548,190
Specific ownership taxes					390,037
State equalization					49,633,770
Federal impact aid					26,492,892
Investment earnings					61,969
Miscellaneous revenues					336,104
Total general revenues					<u>80,462,962</u>
Change in net position					812,152
Net position, beginning of year					<u>9,261,136</u>
Net position, end of year					<u>\$ 10,073,288</u>

The accompanying notes are an integral part of the basic financial statements.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	<u>General Fund</u>	<u>Building Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 14,249,499	\$ 14,199,672	\$ 1,753,357	\$ 30,202,528
Accounts receivable	30,773	28,959	45,144	104,876
Taxes receivable	163,104	-	-	163,104
Intergovernmental receivables	225,783	-	180,669	406,452
Inventories	111,842	-	72,949	184,791
	<u>111,842</u>	<u>-</u>	<u>72,949</u>	<u>184,791</u>
Total assets	<u>\$ 14,781,001</u>	<u>\$ 14,228,631</u>	<u>\$ 2,052,119</u>	<u>\$ 31,061,751</u>
LIABILITIES				
Accounts payable	\$ 293,391	\$ 1,516,226	\$ 344,935	\$ 2,154,552
Accrued salaries and benefits	7,898,248	-	518,073	8,416,321
Accrued liabilities	-	330,228	-	330,228
Unearned revenue	599,603	-	4,760	604,363
	<u>599,603</u>	<u>-</u>	<u>4,760</u>	<u>604,363</u>
Total liabilities	<u>8,791,242</u>	<u>1,846,454</u>	<u>867,768</u>	<u>11,505,464</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	55,825	-	-	55,825
	<u>55,825</u>	<u>-</u>	<u>-</u>	<u>55,825</u>
FUND BALANCES				
Non-spendable				
Inventories	111,842	-	72,949	184,791
Restricted				
Mill Levy Override				
Instructional materials and salaries	457,179	-	-	457,179
Constitutional amendment (TABOR)	1,770,000	-	-	1,770,000
BEST Grant Capital Renewal Reserve	-	-	72,000	72,000
Assigned				
Insurance activities	134,221	-	-	134,221
Food Service	-	-	675,655	675,655
Capital projects	-	12,382,177	363,747	12,745,924
Unassigned				
General Fund	3,460,692	-	-	3,460,692
	<u>3,460,692</u>	<u>-</u>	<u>-</u>	<u>3,460,692</u>
Total fund balances	<u>5,933,934</u>	<u>12,382,177</u>	<u>1,184,351</u>	<u>19,500,462</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,781,001</u>	<u>\$ 14,228,631</u>	<u>\$ 2,052,119</u>	<u>\$ 31,061,751</u>

The accompanying notes are an integral part of the basic financial statements.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2016**

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

Total fund balances--governmental funds \$ 19,500,462

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at year-end consist of:

	Land	\$ 2,717,235	
	Construction in Progress	5,030,307	
	Depreciable Assets	168,334,141	
	Less: Accumulated Depreciation	<u>(47,535,353)</u>	
			128,546,330

Property tax revenue not available to pay for current period expenditures are deferred in the governmental funds but recorded as general revenues in the statement of activities. 55,825

Long-term liabilities and related items are not due and payable in the current period, and therefore are not reported as liabilities in governmental funds. Long-term liabilities at year end consist of:

	COP's payable	\$ (2,040,000)	
	COP loss on refunding	49,311	
	Accrued interest payable	(6,822)	
	Equipment Lease payable	(1,600,786)	
	Compensated absences	(1,738,299)	
	Net pension liability	(154,340,613)	
	Pension-related deferred outflows of resources	23,835,300	
	Pension-related deferred inflows of resources	<u>(2,187,420)</u>	
			<u>(138,029,329)</u>

Total net position--governmental activities \$ 10,073,288

The accompanying notes are an integral part of the basic financial statements.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	General Fund	Building Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES				
Local Sources	\$ 4,999,822	\$ 145,799	\$ 861,973	\$ 6,007,594
State Sources	53,821,963	-	84,258	53,906,221
Federal Sources	27,248,378	57,750	6,109,536	33,415,664
	<u>86,070,163</u>	<u>203,549</u>	<u>7,055,767</u>	<u>93,329,479</u>
EXPENDITURES				
Current				
Instruction	41,388,172	-	3,284,929	44,673,101
Instructional support	6,786,579	-	425,078	7,211,657
Administration	6,295,784	-	-	6,295,784
Central support services	14,638,143	78,118	4,555,031	19,271,292
Community services	311,773	-	38,029	349,802
Capital Outlay	-	10,471,321	1,340,403	11,811,724
Debt service				
Principal retirement	-	1,995,000	782,597	2,777,597
Interest and fees	-	66,502	31,362	97,864
	<u>69,420,451</u>	<u>12,610,941</u>	<u>10,457,429</u>	<u>92,488,821</u>
Excess (Deficiency) of revenues over expenditures	<u>16,649,712</u>	<u>(12,407,392)</u>	<u>(3,401,662)</u>	<u>840,658</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	14,000,000	2,968,433	16,968,433
Transfers (out)	(16,968,433)	-	-	(16,968,433)
	<u>(16,968,433)</u>	<u>14,000,000</u>	<u>2,968,433</u>	<u>-</u>
Net change in fund balance	(318,721)	1,592,608	(433,229)	840,658
Fund balance, beginning of year	<u>6,252,655</u>	<u>10,789,569</u>	<u>1,617,580</u>	<u>18,659,804</u>
Fund balance, end of year	<u>\$ 5,933,934</u>	<u>\$ 12,382,177</u>	<u>\$ 1,184,351</u>	<u>\$ 19,500,462</u>

The accompanying notes are an integral part of the basic financial statements.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

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

Net change in fund balance--governmental funds \$ 840,658

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets eligible for capitalization is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and retirements during the year.

Capital outlays	\$ 10,901,969	
Retirements, net	(258,677)	
Depreciation expense	<u>(3,844,898)</u>	6,798,394

Other long-term assets are not available to pay for current period expenditures and are therefore deferred in the governmental funds but recorded as revenues in the statement of activities. 18,423

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

COP principal payment	1,995,000	
Equipment Lease payment	<u>782,597</u>	2,777,597

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of loss on refunding	\$ (49,310)	
Change in accrued interest payable	4,224	
Change in compensated absences	(580,592)	
Change in net pension liability	(20,071,166)	
Pension-related deferred outflows of resources	13,251,318	
Pension-related deferred inflows of resources	<u>(2,177,394)</u>	<u>(9,622,920)</u>

Change in net position of governmental activities **\$ 812,152**

The accompanying notes are an integral part of the basic financial statements.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2016

	Pupil Activity Agency Fund
ASSETS	
Cash and investments	\$ 123,675
Accounts receivable	<u>2,237</u>
TOTAL ASSETS	<u><u>\$ 125,912</u></u>
LIABILITIES	
Accounts payable	\$ 6,348
Due to student organizations	<u>119,564</u>
TOTAL LIABILITIES	<u><u>\$ 125,912</u></u>

The accompanying notes are an integral part of the basic financial statements.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 **DESCRIPTION OF THE SCHOOL DISTRICT**

El Paso County School District No. 8 (the School District or District) was established in 1890 and is organized under the Constitution of the State of Colorado. The legislative power of the school district is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms. This Board controls the District's 14 instructional/support facilities staffed by 451 non-certificated employees and 610 certificated employees to provide services to approximately 8,055 students and other community members.

The mission of the District is to develop generations of world-class learners capable of being successful members of society by providing a positive, empowering, and safe environment where academic excellence is the desired result for all students.

The District spans 150 square miles including the City of Fountain, Fort Carson Military Installation, Rock Creek, and the rural areas surrounding these locations. The City of Fountain is located approximately seven miles south of Colorado Springs off highways 85/87 and I-25. The District includes eight elementary schools with four schools in the City of Fountain (Aragon Elementary, Eagleside Elementary, Jordahl Elementary, and Mesa Elementary) and four schools on the Fort Carson installation (Abrams Elementary, Patriot Elementary, Mountainside Elementary, and Weikel Elementary). The District's two middle schools, Fountain Middle School and Carson Middle School, are located in the City of Fountain and on Fort Carson, respectively. The District's comprehensive high school, Fountain-Fort Carson High School, and the Welte Education Center are located in the City of Fountain.

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A - Reporting Entity

For financial reporting purposes, the District includes all organizations for which it is financially accountable. Financial accountability exists if the District appoints a voting majority of the organization's governing board or if the organization is fiscally dependent on the District and the District is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the District. Criteria for determining whether the District had the ability to impose its will on organizations are the District's ability to: remove members of the organization's governing boards; modify or approve the budget; modify or approve rate or fee changes affecting revenues; veto, overrule, or modify the decisions of the organization's governing board; or hire, reassign, or dismiss those persons responsible for the day-to-day operations of the organization. In determining whether an organization has a financial benefit or burden relationship with the District, the following conditions are used: legal entitlement to or access to the organization's resources; legal obligation or assumption of the obligation to finance the deficits or provide financial support to the organization; or obligation in some manner for the organization's debt. The District does not exercise any power over any other entity and is considered the sole reporting entity.

B - Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for services that are reasonably equivalent to the services provided. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in a single column.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for governmental funds and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C - Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes, intergovernmental revenues, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major funds:

The **General Fund** is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund. The **Building Fund** is also a major fund and is used for major construction projects and capital improvements financed primarily by debt proceeds and transfers from the General Fund.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the District uses an Agency Fund to account for resources used to support each school's student activities. The District holds all resources in a purely custodial capacity.

When both restricted and unrestricted resources are available for a specific use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D - Assets, Liabilities, and Net Position or Fund Balance

1 - Deposits and Investments

Colorado State Statutes authorize the District to invest in:

- a. Obligations of the United States and certain U.S. government agency's securities;
- b. Certain international agency securities;
- c. General obligation and revenue bonds of U.S. local government entities;
- d. Banker's acceptances of certain banks;
- e. Commercial paper;
- f. Local government investments pools;
- g. Written repurchase agreements collateralized by certain authorized securities;
- h. Certain money market funds;
- i. Guaranteed investment contracts.

The District may also deposit funds in Colorado financial institutions (including certificates of deposit) that are members of the Federal Deposit Insurance Corporation (FDIC) and eligible public depositories under the Public Deposit Protection Act (PDPA).

The District has Board-approved investment policies that limit investments to certain eligible depositories, which include State and national banks with headquarters in Colorado and insured by the FDIC; State and federally chartered savings and loan associations headquartered in Colorado and insured by FDIC; and the COLOTRUST.

Additionally, investments are limited to eligible investments consisting of obligations of the U.S. Government, repurchase agreements, and government investment pools.

Investments are reported at fair value. Investments in COLOTRUST are reported at the net asset value per share, which is measured using fair value.

2 - Receivables

Receivables consist of taxes, accounts (interest and fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Property taxes for the current year are certified in arrears in December, and attach as a lien on property the previous January 1. For example, property taxes owed in fiscal 2016 are certified to the County in December 2015 and are available for collection on the levy date, January 1, 2016. Property taxes are payable in full by April 30, or in two equal installments due February 28 and June 15. The County bills and collects property taxes for all taxing districts in the County. The property tax receipts collected by the County are remitted to the District in the subsequent month.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3 - Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased. Inventories of supplies and materials in the governmental funds are off-set by a non-spendable fund balance to indicate that they do not constitute available spendable resources.

Donated commodities, received at no cost under a program supported by the federal government, are valued based on the cost furnished by the federal government.

4 - Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, equipment and vehicles are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of exhaustible capital assets is charged as an expense against operations in the government-wide financial statements. Land and construction in progress are not depreciable assets.

Depreciable assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	50
Equipment & Vehicles	10

5 - Accrued Salaries and Benefits

Salaries and benefits of certain 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, are reflected as a liability in the accompanying financial statements.

6 – Unearned Revenues

Unearned revenues include grants received before eligibility requirements established by the provider have been met.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7 - Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts, and refunding losses are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

8 - Compensated Absences

Under the District's policies certain employees earn vacation pay for 10-20 days annually, based on longevity of service or position and may carry over unused vacation up to 30 days at which time it is reclassified as leave. All unused/accrued vacation leave is payable upon resignation, termination, retirement or death.

Employees accrue 10-13 days of annual leave each year dependent upon their contract basis. Employees are allowed to accumulate up to 60 days of annual leave. After a minimum of two years employment with the District, annual leave is payable upon resignation, termination, retirement or death. For employees with a minimum of two years employment with the District, unused leave is paid at the rate of \$50 per day. For employees with at least ten years employment with the District, unused leave is paid at the rate of \$100 per day for all staff.

These compensated absences are recognized as expenditures when paid in the governmental funds. The District has reported the long-term liability for leave and vacation pay in the government-wide financial statements as compensated absences payable.

9 - Pensions

The District participates in the School Division Trust Fund (SDTF), a cost-sharing multiple employer defined pension plan administered by the Public Employee's Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expenses, information about the fiduciary net position, and additions to and deductions from the SDTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the SDTF. 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.

10 - Deferred Inflows of Resources

Property taxes earned but not available as current financial resources are reported as deferred inflows of resources in the governmental fund financial statements.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11 - Net Position/Fund Balance

In the government-wide and fund financial statements, fund balances and net position are restricted when constraints placed on the use of resources are externally imposed.

In the fund financial statements, governmental funds report committed fund balance when the Board of Education formally commits resources for a specific purpose through the passage of a resolution. Assigned fund balance is reported when the Board of Education intends to use resources for a specific purpose but without formal action.

The District has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the District uses restricted fund balances first, followed by committed, assigned and unassigned balances.

NOTE 3 DEPOSITS AND INVESTMENTS

At June 30, 2016, the District had the following cash and investments:

Cash on hand	\$ 1,845
Deposits	14,683,542
Investments	15,640,816
Total	\$ 30,326,203

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

Cash and Investments - Primary Government	\$ 30,202,528
Cash and Investments - Agency Fund	123,675
Total	\$ 30,326,203

Deposits

The Colorado Public Deposit and Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows financial institutions 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 uninsured public deposits as a group. The market value of collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2016, the District had uninsured, collateralized deposits of \$14,937,254 held by the financial institution's agent, but not in the District's name.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

Investments

Fair Value Measurements - The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments or other observable inputs; and Level 3 inputs are unobservable inputs. At June 30, 2016, the District's investment in COLOTRUST was measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

Interest rate risk – State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit risk - State statutes allow certain investments with specified ratings provided by nationally recognized statistical rating organizations, depending on the investment type.

Concentration of Credit Risk - State statutes do not limit the amount the District may invest in a single issuer of investment securities, except for corporate securities.

Custodial Risk - State statutes do not address custodial risk, except for collateral for repurchase agreements.

Local Government Investment Pool - As of June 30, 2016, the District had \$15,640,816 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST). The Trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Trust. The Trust operates in conformity with the Securities and Exchange Commission's Rule 2a-7, with each share valued at \$1. The Trust is rated AAAM by Standard and Poor's. Investments of the Trust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 CAPITAL ASSETS

Activity for capital assets during the year ended June 30, 2016, was as follows.

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,615,441	\$ 101,794	\$ -	\$ 2,717,235
Construction in progress	7,114,154	5,030,307	7,114,154	5,030,307
Total capital assets, not being depreciated	<u>9,729,595</u>	<u>5,132,101</u>	<u>7,114,154</u>	<u>7,747,542</u>
Capital assets, being depreciated:				
Buildings	145,682,020	12,065,461	1,129,699	156,617,782
Equipment	4,603,747	295,955	-	4,899,702
Buses/Other vehicles	6,406,425	522,606	112,374	6,816,657
Total capital assets being depreciated	<u>156,692,192</u>	<u>12,884,022</u>	<u>1,242,073</u>	<u>168,334,141</u>
Less accumulated depreciation for:				
Buildings	37,182,123	3,122,478	871,022	39,433,579
Equipment	2,647,926	371,215	-	3,019,141
Buses/Other vehicles	4,843,802	351,205	112,374	5,082,633
Total accumulated depreciation	<u>44,673,851</u>	<u>3,844,898</u>	<u>983,396</u>	<u>47,535,353</u>
Total capital assets, being depreciated, net	<u>112,018,341</u>	<u>9,039,124</u>	<u>258,677</u>	<u>120,798,788</u>
Governmental activities capital assets, net	<u>\$ 121,747,936</u>	<u>\$ 14,171,225</u>	<u>\$ 7,372,831</u>	<u>\$ 128,546,330</u>

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

Governmental activities:

Instruction	\$ 2,268,490
Instructional Support	384,490
Administration	322,971
Central Support Services	868,947
Total Depreciation Expense - Governmental Activities	<u>\$ 3,844,898</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 **LONG-TERM LIABILITIES**

Changes in Long-Term Liabilities

Following is a summary of long-term debt transactions for the year ended June 30, 2016.

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2011 Certificates					
of Participation	\$ 4,035,000	\$ -	\$ 1,995,000	\$ 2,040,000	\$ 2,040,000
Equipment Lease	2,383,383	-	782,597	1,600,786	794,402
Compensated					
Absences	1,157,707	735,245	154,653	1,738,299	240,000
Total	<u>\$ 7,576,090</u>	<u>\$ 735,245</u>	<u>\$ 2,932,250</u>	<u>\$ 5,379,085</u>	<u>\$ 3,074,402</u>

Certificates of Participation

In August 2011, \$9,700,000 in Series 2011 certificates of participation were issued to refund the outstanding certificates of participation, Series 2006, originally issued to construct a new elementary school and District administration facility. Principal payments are due annually on December 1 through 2016 and interest payments are paid semi-annually on June 1 and December 1. Interest accrues on the Series 2011 certificates at 2.140% per annum. Future payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	<u>\$ 2,040,000</u>	<u>\$ 21,828</u>	<u>\$ 2,061,828</u>

Equipment Lease

In April 2014, the District entered into a 4-year financing agreement with SunTrust Equipment Finance and Leasing Corporation to purchase technology equipment. No assets are expected to be capitalized under the lease. Principal and interest payments are due quarterly from July 2014 through April 2018. The interest rate is 1.50% per annum. Future payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	794,402	19,557	813,959
2018	806,384	7,575	813,959
Total	<u>\$ 1,600,786</u>	<u>\$ 27,132</u>	<u>\$ 1,627,918</u>

Compensated Absences

Accrued compensated absences of the governmental activities are expected to be liquidated primarily with revenues of the General Fund.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 **INTERFUND TRANSFERS**

During the year ended June 30, 2016, the General Fund transferred \$14,000,000 to the Building Fund and \$2,968,433 to the Capital Projects Fund for construction and improvement projects.

NOTE 7 **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters on a claim made basis. The District provides for these risks through the purchase of commercial insurance. Settled claims resulting from these risks have not exceeded the purchased commercial insurance coverage in any of the past three fiscal years. “Catastrophic coverage” in the amount of \$172,069,414 is maintained for buildings and contents, which carries a \$10,000 deductible. The District purchases Workers’ Compensation coverage to meet statutory requirements and Public Official Bonds through commercial insurance companies.

NOTE 8 **COMMITMENTS AND CONTINGENT LIABILITIES**

Claims and Judgments

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the District. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Litigation

The District has pending or threatened litigation. The outcome of this litigation cannot be determined, but management believes that any result will not have a significant effect on the District’s financial position.

Capital Renewal Reserve

The District was awarded a Building Excellent Schools Today (BEST) grant from the State of Colorado to construct school facilities. In accordance with the related State statutes, the District is required to establish a capital renewal reserve for the purpose of replacing major facility systems such as roofs, interior finishes, electrical systems and heating, ventilating, and air conditioning systems. During the year ended June 30, 2016, the District contributed \$14,000 to the capital renewal reserve. At June 30, 2016, the reserve was reported as restricted fund balance in the Capital Projects Fund, in the amount of \$72,000.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 DEFINED BENEFIT PENSION PLAN

General Information

Plan Description - The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the District participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the SDTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary or the amount allowed by applicable federal regulations.

Retirees who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs) as established by State statutes. Retirees who began employment before January 1, 2007, receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average consumer price index for the prior calendar year. Retirees that began employment after January 1, 2007, receive an annual increase of the lesser of 2% or the average consumer price index for the prior calendar year, with certain limitations.

Disability benefits are available for plan participants once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of twenty years of service credit.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure in place, and the qualified survivor receiving the benefits.

Contributions - The District and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees is 8% of covered salaries. The District's contribution rate for calendar years 2015 and 2016 were 18.35% and 19.15% of covered salaries, respectively. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 10). The District's contributions to the SDTF for the year ended June 30, 2016, were \$8,444,403, equal to the required contributions.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
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 net pension liability of \$154,340,613, representing its proportionate share of the net pension liability of the SDTF. The net pension liability was measured at 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. Changes in assumptions and other inputs since the prior measurement date did not significantly affect the total pension liability. 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 the District's contributions to the SDTF for the calendar year ended December 31, 2015, relative to the contributions of all participating employers. At December 31, 2015, the District's proportion was 1.0091385263%, which was an increase of 0.0184656841% from its proportion measured at December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$17,055,030. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,038,085	\$ 6,313
Changes of assumptions and other inputs	-	2,181,107
Net difference between projected and actual earnings on plan investments	13,080,116	-
Changes in proportion	3,567,314	-
Contributions subsequent to the measurement date	<u>5,149,785</u>	<u>-</u>
 Total	 <u>\$ 23,835,300</u>	 <u>\$ 2,187,420</u>

District contributions subsequent to the measurement date of \$5,149,785 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>		
2017		\$ 5,123,365
2018		4,815,275
2019		3,868,381
2020		<u>2,691,074</u>
 Total		 <u>\$ 16,498,095</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
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)

Actuarial Assumptions - The actuarial valuation as of December 31, 2014, determined the total pension liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Price inflation	2.8%
Real wage growth	1.1%
Wage inflation	3.9%
Salary increases, including wage inflation	3.9% - 10.1%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.5%
Future post-retirement benefit increases:	
Hired prior to 1/1/07	2%
Hired after 12/31/06	ad hoc

Mortality rates were based on the RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back one year, and females set back two 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 governing board on November 13, 2012, and an economic assumption study adopted by PERA's governing board on November 15, 2013, and January 17, 2014.

The long-term expected rate of return on 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.

The most recent analysis of the long-term expected rate of return was presented to the PERA governing board on November 15, 2013, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 year Expected Geometric Real Rate of Return</u>
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 Government/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%	

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
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)

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the employer contributions will be made at the rates specified in State statutes, which currently require annual increases, to a total of 20.15% of covered salaries for the year ended December 31, 2018. When the actuarially determined funding ratio reaches 103%, the employer contribution rate will decrease 0.5% each year, to a minimum of 10.15%. Based on those assumptions, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments to current participants. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. In addition, the discount rate did not change from the prior measurement date.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as the District's proportionate share of the net pension liability if it were calculated using a discount that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate, as follows:

	<u>1% Decrease</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase</u>
	(6.5%)		(8.5%)
Proportionate share of net pension liability	<u>\$ 200,070,543</u>	<u>\$ 154,340,613</u>	<u>\$ 116,301,843</u>

Pension Plan Fiduciary Net Position - Detailed information about the SDTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 10 POST EMPLOYMENT HEALTH BENEFITS

Plan Description

The District contributes to the Health Care Trust Fund (HCTF), a cost sharing multiple employer post employment healthcare plan administered by the PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the HCTF. That report may be obtained as described previously.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 **POST EMPLOYMENT HEALTH BENEFITS (Continued)**

Funding Policy

The District is required to contribute at the rate of 1.02% of covered salaries for all PERA participants. No employee contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The District's apportionment to the HCTF for the years ended June 30, 2016, 2015, and 2014 was \$459,265, \$437,485, and \$408,844, respectively, equal to the required amounts for each year.

NOTE 11 **TAX, SPENDING AND DEBT LIMITATIONS**

In November 1992, Colorado voters passed Article X, Section 20 (the "TABOR Amendment") to the State Constitution which limits State and local government taxing powers and imposes spending limitations. The District is subject to the TABOR Amendment.

Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. In November 2000, voters within the District authorized the District to collect, retain and expend all excess revenues and other funds received from every source, without limitation, in the 2000-01 budget year and each subsequent budget year thereafter without further voter approval, notwithstanding the limitations of the TABOR Amendment. The TABOR Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the TABOR Amendment.

The TABOR Amendment requires the District to establish a reserve for emergencies. At June 30, 2016, the District's reserve of \$1,770,000 was reported as restricted fund balance in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

EL PASO COUNTY SCHOOL DISTRICT NO. 8
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEE'S RETIREMENT ASSOCIATION OF COLORADO - SCHOOL DIVISION TRUST FUND
June 30, 2016

	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
PROPORTIONATE SHARE OF NET PENSION LIABILITY			
District's proportion of net pension liability	1.0091385263%	0.9906728422%	0.9607746117%
District's proportionate share of the net pension liability	\$ 154,340,613	\$ 134,269,447	\$ 122,546,542
District's covered-employee payroll	\$ 43,978,090	\$ 41,500,277	\$ 38,724,859
District's proportionate share of the net pension liability as a percentage of covered-employee payroll	351%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	59%	63%	64%
	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
DISTRICT CONTRIBUTIONS			
Statutorily required contributions	\$ 7,977,683	\$ 7,240,669	\$ 6,406,164
Contributions in relation to the statutorily required contributions	<u>(7,977,683)</u>	<u>(7,240,669)</u>	<u>(6,406,164)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District covered employee payroll	\$ 45,026,008	\$ 42,890,677	\$ 40,082,793
Contributions as a percentage of covered employee payroll	17.72%	16.88%	15.98%

This schedule is intended to show information for ten years. Until information for the full ten-year period is available, information will be presented for the years it is available.

See accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016**

REVENUES	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Local sources				
Property taxes	\$ 3,427,513	\$ 3,553,619	\$ 3,529,767	\$ (23,852)
Specific ownership taxes	274,953	287,776	390,037	102,261
Tuition	50,000	50,000	45,566	(4,434)
Interest on investments	10,020	10,020	34,341	24,321
Miscellaneous	1,262,367	1,378,350	1,000,111	(378,239)
Total local sources	<u>5,024,853</u>	<u>5,279,765</u>	<u>4,999,822</u>	<u>(279,943)</u>
State sources				
State equalization	50,418,527	49,553,527	49,633,770	80,243
Special education	2,274,602	2,274,602	2,456,303	181,701
Transportation	558,112	625,996	651,724	25,728
READ Act	600,000	568,766	456,694	(112,072)
Miscellaneous Grants	663,691	693,634	623,472	(70,162)
Total state sources	<u>54,514,932</u>	<u>53,716,525</u>	<u>53,821,963</u>	<u>105,438</u>
Federal sources				
Impact aid	24,600,000	25,685,000	25,654,408	(30,592)
DoD supplemental assistance	925,000	838,484	838,484	-
DoDEA Grants	115,000	111,486	111,486	-
Carl Perkins Grant	46,329	46,329	44,601	(1,728)
JROTC Grant	110,000	115,000	126,167	11,167
SWAP Program	33,517	33,517	44,382	10,865
Preschool Program	55,346	55,346	61,376	6,030
Race to the Top Grant	9,452	9,452	7,366	(2,086)
SPED Indicator 14	-	1,649	1,121	(528)
SAMHSA Project Aware	370,945	435,736	358,987	(76,749)
Total federal sources	<u>26,265,589</u>	<u>27,331,999</u>	<u>27,248,378</u>	<u>(83,620)</u>
TOTAL REVENUES	<u>\$ 85,805,374</u>	<u>\$ 86,328,289</u>	<u>\$ 86,070,163</u>	<u>\$ (258,126)</u>

(Continued)

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016

EXPENDITURES	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Instruction				
Salaries	\$ 29,224,998	\$ 29,930,960	\$ 29,178,567	\$ 752,393
Employee benefits	7,854,744	8,421,507	8,356,670	64,837
Purchased Services	1,853,486	1,870,527	2,066,067	(195,540)
Supplies and materials	1,912,045	1,572,419	1,417,749	154,670
Capital Outlay	374,643	237,248	178,401	58,847
Other	187,601	190,342	190,718	(376)
Total	41,407,517	42,223,003	41,388,172	834,831
Counselors & SPED support				
Salaries	3,290,071	3,543,653	3,469,183	74,470
Employee benefits	913,802	1,064,717	956,864	107,853
Purchased Services	85,909	85,909	67,757	18,152
Supplies and materials	286,363	336,626	303,302	33,324
Capital Outlay	23,350	23,350	13,864	9,486
Other	5,000	5,000	6,336	(1,336)
Total	4,604,495	5,059,255	4,817,306	241,949
Curriculum, Media & Staff Development				
Salaries	1,455,649	1,351,388	1,367,555	(16,167)
Employee benefits	357,533	396,462	388,354	8,108
Purchased Services	238,563	199,738	153,747	45,991
Supplies and materials	66,938	67,238	55,539	11,699
Capital Outlay	2,500	2,500	3,863	(1,363)
Other	500	500	215	285
Total	2,121,683	2,017,826	1,969,273	48,553
Board of Education, Legal, PR & Superintendent				
Salaries	372,767	348,500	336,462	12,038
Employee benefits	120,676	123,575	116,062	7,513
Purchased Services	113,500	139,500	186,636	(47,136)
Supplies and materials	24,000	36,000	32,709	3,291
Capital Outlay	10,000	4,000	7,285	(3,285)
Other	55,000	55,000	44,661	10,339
Total	695,943	706,575	723,815	(17,240)
School Administration				
Salaries	4,236,306	4,402,850	4,312,267	90,583
Employee benefits	1,130,965	1,244,361	1,177,870	66,491
Purchased Services	27,205	27,205	41,353	(14,148)
Supplies and materials	39,752	33,330	25,612	7,718
Capital Outlay	14,529	14,529	14,263	266
Other	1,880	1,880	604	1,276
Total	5,450,637	5,724,155	5,571,969	152,186

(Continued)

See accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016**

EXPENDITURES	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Business Support & Internal Operations				
Salaries	\$ 601,762	\$ 580,500	\$ 598,636	(18,136)
Employee benefits	166,768	175,575	175,823	(248)
Purchased Services	240,300	233,004	181,206	51,798
Supplies and materials	49,000	59,500	72,347	(12,847)
Capital Outlay	35,000	30,000	9,920	20,080
Other	(62,147)	(62,147)	(67,086)	4,939
Total	<u>1,030,683</u>	<u>1,016,432</u>	<u>970,846</u>	<u>45,586</u>
Operations Maintenance				
Salaries	2,756,507	2,679,581	2,759,333	(79,752)
Employee benefits	739,951	804,007	790,289	13,718
Purchased Services	1,769,109	1,709,109	1,587,496	121,613
Supplies and materials	2,295,433	2,294,633	1,932,903	361,730
Capital Outlay	60,000	60,000	139,082	(79,082)
Other	(1,650)	(1,650)	(725)	(925)
Total	<u>7,619,350</u>	<u>7,545,680</u>	<u>7,208,378</u>	<u>337,302</u>
Transportation				
Salaries	2,105,662	2,236,000	2,221,082	14,918
Employee benefits	723,397	748,675	765,262	(16,587)
Purchased Services	109,600	125,600	100,579	25,021
Supplies and materials	433,000	433,000	342,159	90,841
Capital Outlay	7,500	7,500	11,516	(4,016)
Other	(79,630)	(79,630)	(86,258)	6,628
Total	<u>3,299,529</u>	<u>3,471,145</u>	<u>3,354,340</u>	<u>116,805</u>
Personnel & Information Systems				
Salaries	1,413,668	1,274,886	1,290,818	(15,932)
Employee benefits	362,385	372,480	362,082	10,398
Purchased Services	1,520,080	1,545,080	1,384,432	160,648
Supplies and materials	49,000	49,000	40,092	8,908
Capital Outlay	4,000	4,000	14,106	(10,106)
Other	1,750	16,930	13,049	3,881
Total	<u>3,350,883</u>	<u>3,262,376</u>	<u>3,104,579</u>	<u>157,797</u>
Community Services				
Salaries	30,001	30,000	44,284	(14,284)
Employee benefits	8,250	5,039	8,733	(3,694)
Purchased Services	194,050	234,050	227,753	6,297
Supplies and materials	48,000	48,800	31,003	17,797
Capital Outlay	500	500	-	500
Other	-	-	-	-
Total	<u>280,801</u>	<u>318,389</u>	<u>311,773</u>	<u>6,616</u>

(Continued)

See accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Reserves				
TABOR	\$ 1,710,000	\$ 1,725,000	\$ -	1,725,000
Mill Levy Override	402,110	427,503	-	427,503
Contingency	2,856,677	2,115,172	-	2,115,172
Total	<u>4,968,787</u>	<u>4,267,675</u>	<u>-</u>	<u>4,267,675</u>
TOTAL EXPENDITURES	<u>74,830,308</u>	<u>75,612,511</u>	<u>69,420,451</u>	<u>6,192,060</u>
Excess (deficiency) of revenues over expenditures	<u>10,975,066</u>	<u>10,715,778</u>	<u>16,649,712</u>	<u>5,933,934</u>
OTHER FINANCING SOURCES (USES)				
Transfer to Building Fund	(13,200,000)	(14,000,000)	(14,000,000)	-
Transfer to Capital Projects Fund	(3,228,833)	(2,968,433)	(2,968,433)	-
Total other financing sources (uses)	<u>(16,428,833)</u>	<u>(16,968,433)</u>	<u>(16,968,433)</u>	<u>-</u>
Net change in fund balance	(5,453,767)	(6,252,655)	(318,721)	5,933,934
Fund balance, beginning	<u>5,453,767</u>	<u>6,252,655</u>	<u>6,252,655</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,933,934</u>	<u>\$ 5,933,934</u>

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

NOTE 1 **SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS**

The Public Employees' Retirement Association of Colorado School Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The District's contributions and related ratios represent cash contributions and any related accruals that coincide with the District's fiscal year ending on June 30.

Changes in Assumptions and Other Inputs

For the year ended June 30, 2016, the total pension liability was determined by an actuarial valuation as of December 31, 2014. The following programming and methodology changes were made since the prior actuarial valuation as of December 31, 2013.

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18 month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

NOTE 2 **BUDGET**

The District adheres to the following procedures in establishing budgetary information reflected in the financial statements:

- 1 - Budgets are required by state law for all funds. Annual appropriated budgets are adopted for all funds. During April/May, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1.
- 2 - Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- 3 - Prior to June 30, the budget is adopted by formal resolution.
- 4 - Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget amounts between departments within any fund and the reallocation of budget line items within any department in the General Fund rests with management. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- 5 - Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles.
- 6 - All original and supplemental unencumbered appropriations for all funds lapse at the end of the fiscal year. (Certain uncommitted general fund school allocations are re-appropriated in the succeeding fiscal year by the Board of Education.)

SUPPLEMENTARY INFORMATION

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Food Service Fund	Designated Purpose Grants Fund	Capital Projects Fund	Totals
ASSETS				
Cash and investments	\$ 727,207	\$ 369,147	\$ 657,003	\$ 1,753,357
Accounts receivable	45,144	-	-	45,144
Intergovernmental receivables	20,006	160,663	-	180,669
Inventories	72,949	-	-	72,949
TOTAL ASSETS	\$ 865,306	\$ 529,810	\$ 657,003	\$ 2,052,119
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 116,702	\$ 6,977	\$ 221,256	\$ 344,935
Accrued salaries and benefits	-	518,073	-	518,073
Deferred revenue	-	4,760	-	4,760
TOTAL LIABILITIES	116,702	529,810	221,256	867,768
FUND BALANCE				
Non-spendable				
Inventories	72,949	-	-	72,949
Restricted				
BEST Grant Capital Renewal Reserve	-	-	72,000	72,000
Assigned				
Food service	675,655	-	-	675,655
Capital projects	-	-	363,747	363,747
TOTAL FUND BALANCE	748,604	-	435,747	1,184,351
TOTAL LIABILITIES AND FUND BALANCE	\$ 865,306	\$ 529,810	\$ 657,003	\$ 2,052,119

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Food Service Fund	Designated Purpose Grants Fund	Capital Projects Fund	Totals
REVENUES				
Local sources	\$ 861,615	\$ -	\$ 358	\$ 861,973
State sources	84,258	-	-	84,258
Federal sources	2,236,557	3,872,979	-	6,109,536
TOTAL REVENUES	3,182,430	3,872,979	358	7,055,767
EXPENDITURES				
Current				
Instruction	-	3,284,929	-	3,284,929
Instructional support	-	425,078	-	425,078
Central support services	3,174,210	124,943	1,255,878	4,555,031
Community services	-	38,029	-	38,029
Capital outlay	-	-	1,340,403	1,340,403
Debt Service				
Principal retirement	-	-	782,597	782,597
Interest and fiscal charges	-	-	31,362	31,362
TOTAL EXPENDITURES	3,174,210	3,872,979	3,410,240	10,457,429
Excess (deficiency) of revenues over expenditures	8,220	-	(3,409,882)	(3,401,662)
OTHER FINANCING SOURCES				
Transfers in	-	-	2,968,433	2,968,433
Net change in fund balance	8,220	-	(441,449)	(433,229)
Fund balance, beginning of year	740,384	-	877,196	1,617,580
Fund balance, end of year	<u>\$ 748,604</u>	<u>\$ -</u>	<u>\$ 435,747</u>	<u>\$ 1,184,351</u>

See accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
FOOD SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Local sources	\$ 1,095,705	\$ 1,095,705	\$ 861,615	\$ (234,090)
State sources	75,000	75,000	84,258	9,258
Federal sources	2,190,395	2,190,395	2,236,557	46,162
TOTAL REVENUES	3,361,100	3,361,100	3,182,430	(178,670)
EXPENDITURES				
Salaries	58,000	58,000	45,297	12,703
Employee benefits	23,000	23,000	17,949	5,051
Purchased Services	1,309,322	1,309,322	1,133,092	176,230
Supplies	1,770,778	1,770,778	1,813,923	(43,145)
Equipment	50,000	50,000	13,949	36,051
Other	150,000	150,000	150,000	-
Contingency	743,081	740,384	-	740,384
TOTAL EXPENDITURES	4,104,181	4,101,484	3,174,210	927,274
Excess (deficiency) of revenues over expenditures	(743,081)	(740,384)	8,220	748,604
Fund balance, beginning of year	743,081	740,384	740,384	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 748,604</u>	<u>\$ 748,604</u>

See accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
DESIGNATED PURPOSE GRANTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal sources	\$ 4,330,714	\$ 4,478,846	\$ 3,872,979	\$ (605,867)
TOTAL REVENUES	4,330,714	4,478,846	3,872,979	(605,867)
EXPENDITURES				
Salaries	2,648,757	2,644,208	2,534,263	109,945
Employee benefits	599,395	623,194	740,831	(117,637)
Purchased Services	231,972	272,847	166,992	105,855
Supplies	270,941	366,396	141,964	224,432
Equipment	387,252	377,452	118,651	258,801
Other	192,397	194,749	170,278	24,471
TOTAL EXPENDITURES	4,330,714	4,478,846	3,872,979	605,867
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUILDING FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 87,500	\$ 117,500	\$ 145,799	\$ 28,299
Federal Sources	-	57,750	57,750	-
TOTAL REVENUES	<u>87,500</u>	<u>175,250</u>	<u>203,549</u>	<u>28,299</u>
EXPENDITURES				
Current				
Salaries and benefits	82,650	82,650	78,118	4,532
Capital outlay				
Facilities construction	10,525,000	10,961,794	10,471,321	490,473
Debt service				
Principal	1,995,000	1,995,000	1,995,000	-
Interest and fees	65,003	65,003	65,002	1
Debt issuance costs	1,500	1,500	1,500	-
Contingency	11,835,901	11,858,872	-	11,858,872
TOTAL EXPENDITURES	<u>24,505,054</u>	<u>24,964,819</u>	<u>12,610,941</u>	<u>12,353,878</u>
Excess (deficiency) of revenues over expenditures	(24,417,554)	(24,789,569)	(12,407,392)	12,382,177
OTHER FINANCING SOURCES				
Transfer from the General Fund	13,200,000	14,000,000	14,000,000	-
Net change in fund balance	(11,217,554)	(10,789,569)	1,592,608	12,382,177
Fund balance, beginning of year	11,217,554	10,789,569	10,789,569	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,382,177</u>	<u>\$ 12,382,177</u>

See accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 750	\$ 750	\$ 358	\$ (392)
TOTAL REVENUES	<u>750</u>	<u>750</u>	<u>358</u>	<u>(392)</u>
EXPENDITURES				
Purchased Services	1,038,200	1,113,200	1,155,379	(42,179)
Supplies	135,700	135,700	100,499	35,201
Capital Outlay	2,186,060	2,242,519	1,340,403	902,116
Debt Service				
Principal	-	-	782,597	(782,597)
Interest and fees	-	-	31,362	(31,362)
Contingency	524,151	354,960	-	354,960
TOTAL EXPENDITURES	<u>3,884,111</u>	<u>3,846,379</u>	<u>3,410,240</u>	<u>436,139</u>
Excess (deficiency) of revenues over expenditures	(3,883,361)	(3,845,629)	(3,409,882)	435,747
OTHER FINANCING SOURCES				
Transfer from the General Fund	3,228,833	2,968,433	2,968,433	-
Net change in fund balance	(654,528)	(877,196)	(441,449)	435,747
Fund balance, beginning of year	654,528	877,196	877,196	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,747</u>	<u>\$ 435,747</u>

See accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
PUPIL ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
ASSETS				
Cash and investments	\$ 116,777	\$ 601,706	\$ (594,808)	\$ 123,675
Accounts receivable	13,704	2,237	(13,704)	2,237
TOTAL ASSETS	<u>\$ 130,481</u>	<u>\$ 603,943</u>	<u>\$ (608,512)</u>	<u>\$ 125,912</u>
LIABILITIES				
Accounts payable	\$ 4,785	\$ 6,348	\$ (4,785)	\$ 6,348
Due to student organizations	125,696	597,595	(603,727)	119,564
TOTAL LIABILITIES	<u>\$ 130,481</u>	<u>\$ 603,943</u>	<u>\$ (608,512)</u>	<u>\$ 125,912</u>

See accompanying independent auditors' report.

COMPLIANCE SECTION

SINGLE AUDIT



Board of Education
El Paso County School District No. 8
Fountain, Colorado

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 8 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 El Paso County School District No. 8, and have issued our report thereon dated December 9, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the El Paso County School District No. 8's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the El Paso County School District No. 8's internal control. Accordingly, we do not express an opinion on the effectiveness of the El Paso County School District No. 8's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the El Paso County School District No. 8's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the El Paso County School District No. 8's internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the El Paso County School District No. 8's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the El Paso County School District No. 8's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the El Paso County School District No. 8's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



December 9, 2016



Board of Education
El Paso County School District No. 8
Fountain, Colorado

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE,
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Report on Compliance for Each Major Federal Program

We have audited the El Paso County School District No. 8's compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the El Paso County School District No. 8's major federal programs for the year ended June 30, 2016. The El Paso County School District No. 8's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of the federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the El Paso County School District No. 8's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the El Paso County School District No. 8's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the El Paso County School District No. 8's compliance.

Opinion on Each Major Federal Program

In our opinion, the El Paso County School District No. 8 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the El Paso County School District No. 8 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the El Paso County School District No. 8's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the El Paso County School District No. 8's internal control over compliance.

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

Our consideration of the El Paso County School District No. 8's internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 8 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 El Paso County School District No. 8. We issued our report thereon dated December 9, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso County School District No. 8's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Ernst & Young LLP

December 9, 2016

EL PASO COUNTY SCHOOL DISTRICT NO. 8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes x no

- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? _____ yes x no

- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditors' report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of OMB's Uniform Guidance?

_____ yes x no

Identification of major federal programs:

- 84.041 Impact Aid
- Child Nutrition Cluster
- 10.553 School Breakfast Program
- 10.555 National School Lunch Program
- 10.556 Special Milk Program for Children
- 10.559 Summer Food Service Program for Children

Dollar threshold used to distinguish between type A and type B programs: \$1,002,470

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

Financial Statement Findings

The audit of the financial statements did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose fraud, noncompliance, or abuse that were material to those financial statements.

Federal Awards Findings and Questioned Costs

The audit of federal awards did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose instances of noncompliance or abuse that were material to those federal awards.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures
U.S. Department of Education			
Direct Programs			
Impact Aid		84.041	\$ 25,712,158
	Total Direct Programs		<u>25,712,158</u>
Passed through Colorado Department of Education			
Title I Title I	4010	84.010	1,784,835
Special Education Cluster			
Title VI-B Special Education	4027/5027	84.027	1,176,802
Title VI-B Special Education Preschool	4173	84.173	61,376
Race to the Top - Early Learning Challenge	5412	84.412	7,366
Title II-A Improving Teacher Quality	4367	84.367	136,664
Title III English Language Acquisition (ELL)	4365	84.365	25,500
Title X Education for Homeless Children and Youth	5196	84.196	28,033
	Total Passed through Colorado Department of Education		<u>3,220,576</u>
Passed through Colorado Department of Human Services			
Vocational Rehabilitation		84.126	44,382
Passed through Colorado Community College System			
Career and Technical Education (CTE)		84.048	44,601
	Total U.S. Department of Education		<u>29,021,717</u>
U.S. Department of Health and Human Services			
Passed through Colorado Department of Education			
Substance Abuse and Mental Health Services	7243	93.243	<u>358,987</u>
U.S. Department of Agriculture			
Child Nutrition Cluster			
Passed through Colorado Department of Human Services			
Food Donation (commodities)		10.555	191,504
Passed through Colorado Department of Education			
School Breakfast Program	4553	10.553	481,835
National School Lunch Program	4555	10.555	1,518,830
Special Milk Program for Children	4556	10.556	7,020
Summer Food Service Program for Children	4559	10.559	37,368
	Total U.S. Department of Agriculture		<u>2,236,557</u>
U.S. Department of Defense			
Direct Programs			
Junior ROTC		12.000	126,167
DOD Impact Aid		12.558	838,484
Promoting K-12 Student Achievement at Military-Connected Schools		12.556	111,486
Invitation Grants for Military-Connected Schools		12.557	722,266
	Total U.S. Department of Defense		<u>1,798,403</u>
	Total Federal Awards		<u>\$ 33,415,664</u>

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of El Paso County School District No. 8, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 1000 - FOUNTAIN 8
 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	6,232,802		68,151,670	68,584,759		5,799,712
18 Risk Mgmt Sub-Fund of General Fund	19,853		950,060	835,692		134,221
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	6,252,654		69,101,730	69,420,451		5,933,933
11 Charter School Fund	0		0	0		0
20-26-29 Special Revenue Fund	0		0	0		0
21 Food Service Spec Revenue Fund	740,384		3,182,430	3,174,210		748,604
22 Govt Designated-Purpose Grants Fund	0		3,872,979	3,872,979		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	0		0	0		0
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	10,789,569		14,203,549	12,610,942		12,382,177
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	877,196		2,968,791	3,410,241		435,747
Totals	18,659,804		93,329,480	92,488,822		19,500,462
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	125,696		597,595	603,726		119,565
79 GASB 34 Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	125,696		597,595	603,726		119,565
FINAL						

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