

EL PASO COUNTY SCHOOL DISTRICT 49



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2017

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Comprehensive Annual Financial Report

El Paso County School District 49

El Paso County, Colorado



For the fiscal year ended June 30, 2017

Prepared by:

Brett Ridgway

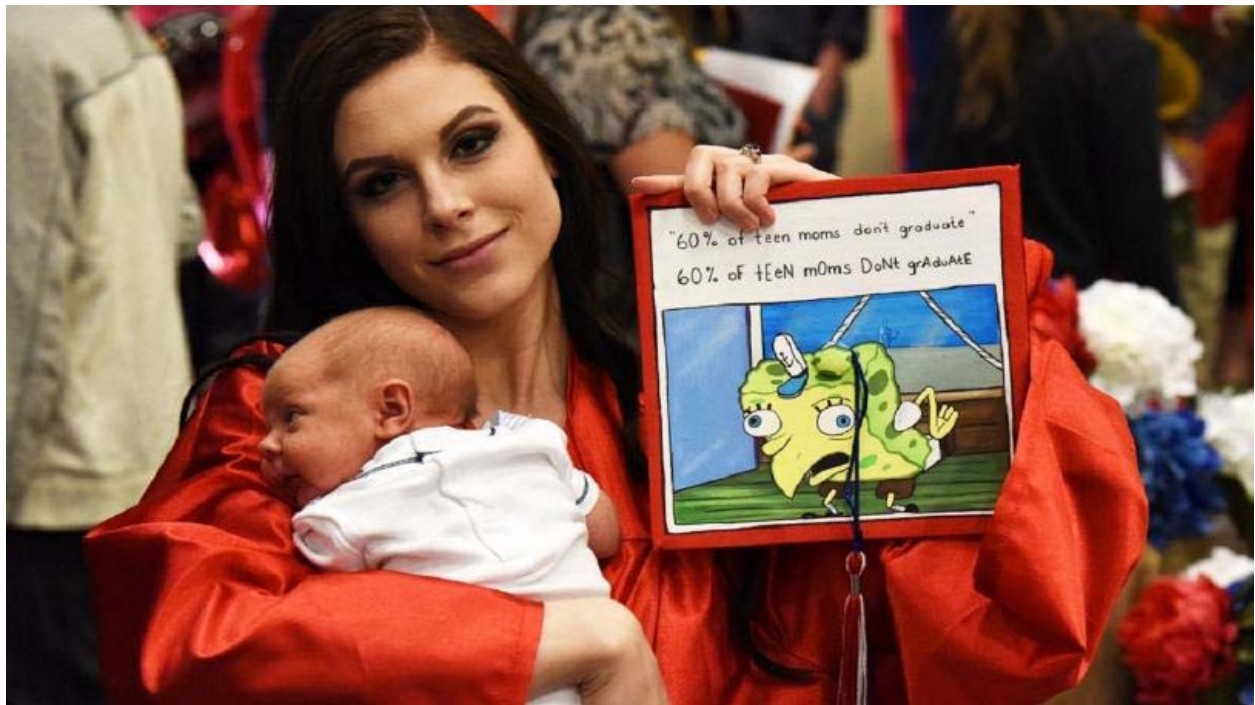
Chief Business Officer

Jodi L. Poulin

Accounting Group Manager

Introductory Section

The Best Choice to Learn, Work and Lead



Teen Mom Graduates with Straight A's

Our Coordinated Schools

Falcon Zone	Sand Creek Zone	Vista Ridge Zone	iConnect Zone
 <p>Falcon Elementary</p>	 <p>Evans International Elementary</p>	 <p>Ridgeview Elementary</p>	 <p>Patriot High School</p>
 <p>Meridian Ranch Elementary</p>	 <p>Remington Elementary</p>	 <p>Stetson Elementary</p>	 <p>Springs Studio for Academic Excellence</p>
 <p>Woodmen Hills Elementary</p>	 <p>Springs Ranch Elementary</p>	 <p>Odyssey Elementary</p>	 <p>Falcon Home School</p>
 <p>Falcon Middle</p>	 <p>Horizon Middle</p>	 <p>Skyview Middle</p>	 <p>Pikes Peak Early College</p>
 <p>Falcon High School</p>	 <p>Sand Creek High School</p>	 <p>Vista Ridge High School</p>	

Our Charter Schools



Banning Lewis Academy



Pikes Peak School of Expeditionary Learning



GOAL High School

GOAL Academy High School



Rocky Mountain Classical Academy



Imagine Classical Academy



Power Technical Early College

Our Cultural Compass



The heart of the compass rose guides our actions in how we relate to and treat each other.

Respect – We respect others for their abilities, qualities and achievements

Trust – We promote trust in our relationships through honest and open communication

Care– We provide a safe and caring environment for students and staff

Responsibility – We hold ourselves accountable for our actions

The outer face of the compass rose guides us in how we treat our work.

Learning – We model continuous learning to encourage life-long learners

Purpose – We ensure all decisions align with the 'Five Big Rocks'

Innovation – We encourage risk taking by supporting creative exploration of new ideas and strategies

Teamwork – We embrace working together to achieve effective results for our students and community

**El Paso County School District 49
Board of Education**

Chief Education Officer

Chief Business Officer

Chief Operations Officer

OFFICE OF THE SUPERINTENDENT

Falcon Zone Leader

Sand Creek Zone Leader

POWER Zone Leader

iConnect Zone Leader

Individualized Education

Learning Services

Career & Technical Education

Concurrent Enrollment

Communications

Culture & Services

Finance & Accounting

Human Resources

Risk Management

Purchasing & Contracts

Strategic & Project Planning

Nutrition Services

Transportation Services

Facilities Maintenance

Ground Management

Safety & Security

Information Technology
(Currently Outsourced)

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January 29, 2018



To the Citizens and Members of the Board of Education of El Paso County School District 49:

Colorado State Law requires that school districts publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. In accordance with this requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of El Paso County School District 49 for the fiscal year ended June 30, 2017.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft or misuse, and to compile sufficient reliable information to prepare financial statements. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide, reasonable, rather than absolute assurance that the financial statements will be free from material misstatement.

The District's financial statements have been audited by Hoelting & Company, Inc., a firm of licensed certified public accountants based in Colorado Springs. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District, for the fiscal year ended June 30, 2017, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluation of the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2017 are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to the annual independent audit of the financial statements, the District is federally mandated to undergo a "Single Audit" due to the amount of federal funds received. This audit is designed to meet the needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis involving the administration of federal awards. The results of the District's single audit for the period ending June 30, 2017 provided no instances of material weakness in internal controls over compliance or material violations of applicable laws, regulations, contracts and grants. This report is found in the compliance section of this document.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements, in the form of

a Management's Discussion and Analysis (MD&A) report. This transmittal letter is designed to complement the Management's Discussion and Analysis, and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Auditor's Report.



PROFILE OF THE DISTRICT

The District was organized in 1888 and spans 133 square miles in eastern El Paso County, Colorado. Approximately 19% of the District is within the boundary of Colorado Springs and the remaining 81% is located in an unincorporated area of El Paso County known as Falcon. The District is the third largest district in El Paso County and the 14th largest in Colorado. The District has a resident population of 80,008 based on the latest survey from the Department of Local Affairs (2014).

The District operates nine elementary schools, three middle schools, and three high schools, in its operated school portfolio; six chartered schools (four K-8's and two high schools), two online programs, one alternative school program, one home school program, and three student support facilities. These schools service 20,835 students. They provide a full range of programs and services authorized by Colorado statute. This includes: pre-kindergarten, elementary, and secondary curriculum at the general, college preparatory and vocational levels. The District also provides the chance for high school students to take college classes and receive college credit during the high school years.

The District's charter schools' financial position are included in the financials as component units. The charter schools are: Banning Lewis Ranch Academy, G.O.A.L Academy, Imagine Classical Academy, Pikes Peak School of Expeditionary Learning, Rocky Mountain Classical Academy and Power Technical Early College. Each charter school has been approved by the District Board of Education, and authorized by the State of Colorado, to provide education alternatives for students and parents. These schools have separate governing boards and are funded by the State of Colorado and local property tax funds, with revenues passing through the district. The District also provides some support services to the charter schools. Parent Teacher Organization, Athletic and Music Booster Groups and Colorado Digital Board of Cooperative Education Services (CDBOCES) do not meet the criteria for being component units and are accordingly excluded from this report.

The District is governed by a five member Board of Education (the Board). Board members are elected to four year terms by registered voters of the District, unless filling a seat vacated mid-term, which may occasionally result in a two-year term. As of 2015, the District is divided into five representative areas and board members must live in the area they represent and are limited to two terms according to Colorado Law. Biennial school district elections are held in November of odd-numbered years. The Board elects its officers following each election and when mid-term vacancies necessitate a new election of one or more officer positions. The Board is a policy making body whose primary functions are to establish policies for the District, provide for the general operation and personnel of the District and oversee the property, facilities and financial affairs of the District. Members of the Board serve without receiving compensation.

The Board employs a Chief Education Officer, a Chief Business Officer and a Chief Operations Officer to run day to day operations of the District. This structure deviates from the traditional Superintendent model. Each chief officer focuses on their area of expertise to make this District the best place to learn, work and lead.



The table below outlines the schools, age and enrollment in full-time equivalents (FTE) as of the official count date in October 2016 and the estimated FTE for the 2017-18 school year.

Operated Schools	Date Placed in Service	October 2016 Student FTE	Projected 2018 Student FTE
Evans International Elementary	1976	656.30	667.78
Falcon Elementary	1982	292.68	276.59
Falcon Middle	1976	980.00	940.00
Falcon High School	2007	1,190.00	1,247.50
Home School Academy	2001	129.50	131.28
Horizon Middle	1985	708.50	716.48
Meridian Ranch Elementary	2003	679.70	674.31
Odyssey Elementary	2006	492.70	495.56
Patriot Learning Center	1952	115.00	161.13
Pikes Peak Early College		73.50	
Remington Elementary	1997	511.78	520.86
Ridgeview Elementary	2002	722.46	719.36
Sand Creek High School	1997	1253.50	1,230.75
Skyview Middle	2000	1,057.00	1,110.00
Springs Ranch Elementary	2002	545.62	509.00
Springs Studio for Academic Excellence	2012	483.00	655.77
Stetson Elementary	1987	487.10	510.02
Vista Ridge High School	2008	1,480.50	1,449.00
Wooden Hills Elementary	2000	717.72	691.52
Chartered Schools			
Pikes Peak School of Expeditionary Learning	2008	391.68	394.00
GOAL Academy	N/A	3,763.50	3,750.00
Banning Lewis Ranch Academy	2008	768.68	716.00
Rocky Mountain Classical Academy	2015	1,324.74	1343.10
Imagine Classical Academy	2010	748.20	735.00
Power Technical Early College	2016	160.00	239.00
Total		19,733.36	20,316.68



The District Budget Process

The District uses a decentralized SBFM (Student based financial management) process for both reporting actual results and preparing budgets. Approximately 80% of the district's expense budget is distributed directly to our schools where Zone Leaders and Building Principals have direct input into how money is best spent for their individual location. Working with the Finance department, these schools develop staffing models (Personnel Spend) and programmatic models (Implementation Spend) based on anticipated revenue driven by projected student count numbers. Once the actual count of students is performed in October, the budgets are amended and approved, and the process starts again to develop proposed budgets for the upcoming school year.

Budgets are prepared annually for all funds of the District. The Board of Education is required to adopt a budget for the fiscal year prior to the July 1 start of the fiscal year, and is allowed to amend that budget any time prior to January 31 of the same fiscal year. Supplemental Budgets may be adopted after January 31 for any fund, if the supplemental change is related to new spends driven by the presence of new, non-tax, revenue in that fund.

ECONOMIC CONDITION

Local Economy

The District is located on the northeast side of Colorado Springs and continues to the east to the unincorporated area known as Falcon. Colorado Springs is the second most populous city in the state, behind Denver. The main employment sectors in El Paso County are: Retail and wholesale trade, health and social services, and accommodation and food services. The military is also an important part of the community with four major bases in the Colorado Springs area. About 14% of the students are connected to the military either through military families or civilian parents employed on federal property.

The local economy shows signs of being strong. Building of new homes continues to increase. There has been a significant increase since 2010 in the number of single family building permits. Property valuations continue to increase within the District. Unemployment continues to stay low at 3.9% compared to the national average of 4.9%. Which also results in higher sales and use tax receipts and new vehicle registration increases.

Long-term Financial Planning

The District will continue to grow into the foreseeable future due to expected continued growth of Colorado Springs, along with the addition of new housing developments within the District's boundaries. It is estimated that within the next 20 years an additional 13,000 students will be added due to new housing developments being built. That will potentially create the need for fourteen elementary schools, four middle schools and two high schools.

The District maintains a low general fund obligation debt. The District expects to have paid off all outstanding bonds in December 2017. This will leave the District with the needed borrowing capacity to build schools as the need arises, and as the constituency allows.

Financial Policies



Detailed descriptions of the District’s accounting policies are contained in the Notes for the Financial Statements on pages 26 to 35 of this report. These policies describe the basis of accounting, funds and accounts used, valuation policies for investments, capital assets and other significant accounting information.

The District maintains a number of budgetary controls. The objective of budgetary controls are to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the board. Budgetary control is established at the fund level.

The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered amounts lapse at end of the fiscal year but are normally allowed to be rebudgeted by the original unit in the subsequent fiscal year.

Major Initiatives

The District has begun a process to pursue ‘Performance Excellence’ using the Baldrige criteria for Performance Excellence framework. In 2016, the District was given the Foothills Performance Award from the regional level organization (Rocky Mountain Performance Excellence, aka RMPEX) and will continue to seek additional awards for organizational excellence in order to facilitate ever-improving operations and processes within the District

For the 2016-17 school year, the District added one new charter school to its portfolio. The Power Technical Early College (PTEC – operated by James Irwin Charter Schools) is designed to serve grades 6-12 with the option of staying with PTEC after the 12th grade to obtain a free Associates Degree from Pikes Peak Community College. The PTEC curriculum focuses on machining technology, architectural engineer/construction management, welding, computer aided drafting, electronics technology, and heating, air conditioning and refrigeration. Students also have the opportunity to earn industry recognized certifications during their lab courses that will allow them to obtain professional employment immediately upon certification if they so desire.

In November 2016, the District asked voters to approve a new mill levy override to fund high school remodel/additions, renovate and refresh the current facilities, provide more competitive teacher salaries and build two new elementary schools. This mill levy override will replace the bond levy previously authorized to repay general obligation (bonded) debt, when the debt is fully repaid in 2017. This measure was passed with a resounding 65% approval rate.

ACKNOWLEDGEMENTS



We would like to thank the Board of Education for their leadership and support to the students, staff and community. We appreciate their support in planning and conducting the financial operations of the District to their highest potential. We would also like to thank our independent auditors from Hoelting & Company Inc. , for their professional and helpful approach in creating this Comprehensive Annual Financial Report. Their assistance was invaluable in creating this report. Finally, we would like to thank the accounting and payroll staff who play an integral role in the financial success of District 49 on a daily basis.

Respectfully submitted,

A handwritten signature in blue ink that reads "Brett Ridgway".

Brett Ridgway
Chief Business Officer

A handwritten signature in blue ink that reads "Jodi L. Poulin".

Jodi L. Poulin
Accounting Group Manager

El Paso County School District 49

Elected Officials - Board of Education

Marie LaVere-Wright

John Graham

Tammy Harold

Kevin Butcher

Dave Cruson

President

Vice President

Secretary

Treasurer

Director

Administrative Officials

Peter Hilts

Brett Ridgway

Pedro Almeida

Sue Holmes

Sean Dorsey

Mike Pickering, PhD

Andy Franko

Amber Whetstine

Nancy Lemmond, PhD

Paul Andersen

Jack Pietraallo

Monica Deines-Henderson

Matt Meister

Donna Richer

Chief Education Officer

Chief Business Officer & Assistant Treasurer

Chief Operations Officer

Falcon Zone Superintendent

Sand Creek Zone Superintendent

Power Zone Superintendent

iConnect Zone Superintendent

Executive Director of Learning Services

Executive Director of Individualized
Education

Director of Human Resources

Director of Transportation

Director of Nutrition Services

Director of Communications

Secretary to the Board of Education

49 Board of Education
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Donna Richer
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TRADITIONAL OFFICE OF THE SUPERINTENDENT



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WIDE ACCOUNTABILITY GROUP

The wide accountability group provides support across the three district offices. These positions and their associated teams have indirect reporting relationships with the other chief officers outside of their formal reporting structure.

Audra J Bowen
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WIDE ACCOUNTABILITY GROUP

Financial Section





INDEPENDENT AUDITORS' REPORT

To the Board of Education
El Paso County School District 49

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of El Paso County School District 49, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Pikes Peak School of Expeditionary Learning, Imagine Charter School at Indigo Ranch, and Power Technical Early College which represent 10.0 percent, 21.0 percent, and 19.0 percent respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as those reports relate to the amounts included for Pikes Peak School of Expeditionary Learning, Imagine Charter School at Indigo Ranch, and Power Technical Early College is based on the reports of the other auditors. 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. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the El Paso County School District 49, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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 49's basic financial statements. The introductory section and combining and individual fund financial statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2018, on our consideration of the El Paso County School District 49's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering El Paso County School District 49's internal control over financial reporting and compliance.

Hoelting & Company, Inc.

Colorado Springs, Colorado
January 29, 2018

EL PASO COUNTY SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2017

As management of El Paso County School District 49 (aka Falcon School District 49), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017.

Financial Highlights

- The Governmental Activities of District 49 had a deficit Net Position of \$156,443,952 at June 30, 2017 and 82,122,256 June 30, 2016 respectfully, or \$74,321,696 more than prior year. This is due to the PERA pension liability of \$411,418,362 being pushed to the school district level. Excluding the PERA liability the Net Position would be surplus Net Position of \$254,974,410.
- General Revenues for the Governmental Activities of the District totaled \$107,840,921, or 76.8% of all revenues. Program specific revenues in the form of charges for services and grants and contributions received accounted for \$32,551,855, or 23.2% of total revenues of \$140,392,776.
- The ending fund balance of total General Funds was \$24,915,693 at June 30, 2017 and \$20,764,521 at June 30, 2016. The General Fund portion maintained a fund balance to District Adjusted Gross Revenue (DAGR) ratio above 10% but below 11.5%, which is required by District 49 Board of Education Policy.
- General Funds' Revenue, including the Component Unit share (Charter Schools – net of services), totaled \$160,676,982 at June 30, 2017 and \$155,661,430 at June 30, 2016.
- Total student count in the District increased 0.5% from the prior year, while the corresponding funded student count decreased by 0.4% (95.6 student FTE).
- The Food Service Fund reported an ending fund balance of \$1,267,423 and \$1,431,315 at June 30, 2017 and 2016 respectfully, a decrease of \$163,892 from the prior year that was a result of intentional strategy to reduce fund balance in that program.
- Effective July 1, 2014, the District, as required, implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This resulted in a new liability amount on the District's financial reports totaling \$411,418,362. While the intentions of GASB 68 where appropriate for private sector pension programs, its utility for a public sector entity, like D49, is limited and in fact may be more confusing for readers of the financial statements than without. To see more relevant comparability, users may want to adjust the totals presented for this amount.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. School District 49's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

EL PASO COUNTY SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
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Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information about all 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*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of 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, general and school administration, business and central services, maintenance and operations, and transportation. The business-type activity of the District includes food service.

The government-wide financial statements include not only the District itself (known as the primary government), but also legally separate charter schools. Financial information for the charter schools are presented separately because the charter schools are financially accountable to the District and provide services to the District's students.

Fund Financial Statements. A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. School District 49, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: government funds, proprietary 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 fund financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financial requirements.

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

District 49 maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and the bond redemption fund because all are considered to be

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major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

District 49 adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds. District 49 maintains one proprietary fund. Internal service funds are used to accumulate and allocate costs internally among the district's various functions. The district uses internal service funds to account for employee benefit programs for health insurance. Because these services predominately benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support School District 49's own programs. The two fiduciary funds utilized by the District are the D49 Scholarship Fund and the Pupil Activity Fund. The accounting for fiduciary funds is much like that used for proprietary funds.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District.

The combining statements referred to earlier in connection with non-major governmental funds are presented after the notes to the required supplementary information.

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Discretely Presented Component Units. These are operations for which the District has financial accountability, but they have certain independent qualities as well. All are considered major component units.

The District's six component units are:

- Pikes Peak School of Expeditionary Learning
- Banning Lewis Ranch Academy
- Rocky Mountain Classical Academy
- Imagine Classical Academy
- GOAL Academy
- Power Technical Early College

Current guidance from CDE leads toward an overly-simplistic reporting of program revenue that can lead to an incorrect conclusion that local charter schools (non-multi-district schools) do not receive local property tax revenue as a component of total program revenue. Accordingly, the following table is provided to bring clarity to the sources and distribution of total program revenue (PPR):

Breakdown of Program Revenue (PPR) - (\$000's)	Real Property Taxes		Specific Ownership Taxes		Equalization State Share		Total Program Revenue
		% of Total		% of Total		% of Total	
Total District	\$ 19,273.06	14%	\$ 2,351.29	2%	\$ 118,029.82	85%	\$ 139,654.17
D49 Operated Portfolio	15,182.6	17%	1,852.3	2%	72,148.7	81%	89,183.5
Component Units:							
D49 Chartered Portfolio:	4,090.5		499.0		45,881.1		50,470.7
PPSEL	471.8	17%	57.6	2%	2,242.1	81%	2,771.5
BLRA	926.0	17%	113.0	2%	4,400.3	81%	5,439.2
RMCA	1,599.8	17%	195.2	2%	7,602.4	81%	9,397.4
ICA	900.2	17%	109.8	2%	4,277.7	81%	5,287.8
GOAL	-	0%	-	0%	26,442.7	100%	26,442.7
PTEC	192.7	17%	23.5	2%	915.9	81%	1,132.2

Complete financial statements of the individual component units can be obtained from their respective administrative offices as well as their individual websites. Addresses and other information about the District's component units are presented in the notes to the financial statements.

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MANAGEMENT DISCUSSION & ANALYSIS
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Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of changes in a government's financial position over time. In the case of School District 49, Primary Government Liabilities exceeded Assets by \$156,443,952 and \$82,122,256 at June 30, 2017 and 2016 respectively. This is due to \$411,418,362 of the PERA liability being assigned to the school district. Excluding this liability, School District 49's Primary Government Assets would have exceeded Liabilities by \$254,974,410.

Of that amount, \$51,925,850 of net position is invested in capital assets net of accumulated depreciation and related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

As of June 30, 2017, \$21,477,232 of the District's net position represents resources that are subject to external restriction on how they may be used. This amount increased by \$2,454,189 from prior year.

FALCON SCHOOL DISTRICT 49 NET POSITION

	Governmental Activities	
	2017	2016
ASSETS		
Current Assets	\$ 129,092,512	\$ 46,287,176
Capital assets, net of depreciation	145,497,246	147,212,998
Total assets	274,589,758	193,500,174
DEFERRED OUTFLOWS OF RESOURCES		
Total deferred outflows of resources	171,345,272	33,941,526
LIABILITIES		
Current liabilities	26,916,781	22,330,032
Long-term liabilities	573,484,593	284,183,587
Total liabilities	600,401,374	306,513,619
DEFERRED INFLOWS OF RESOURCES		
Total deferred inflows of resources	1,977,608	3,050,337
NET POSITION		
Net Investment in Capital Assets	51,925,850	62,586,946
Restricted for:		
TABOR	3,265,000	3,320,000
Debt Service	18,131,074	15,630,174
Preschool	81,158	72,896
Unrestricted	(229,847,034)	(163,732,245)
TOTAL NET POSITION	\$ (156,443,952)	\$ (82,122,256)

**EL PASO COUNTY SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
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Governmental activities decreased the net position of the District by \$72,473,684 as of June 30, 2017. Program revenues included \$13,534,010 in charges for services, and \$17,241,849 in operating grants and contributions. Over \$106.4 million was received in general revenues consisting of local property taxes, specific ownership taxes, and school finance act revenue. The majority of expenses were for instructional purposes which totaled \$116,929,506 out of a total of \$212,866,460.

Program revenues for Food Services included \$1,565,459 in charges for services and \$2,140,083 in operating grants and contributions. Expenditures of \$3,869,435 were for food services.

FALCON SCHOOL DISTRICT 49 NET POSITION

	Governmental Activities	
	2017	2016
PROGRAM REVENUES		
Charges for services	\$ 13,534,010	\$ 14,025,571
Operating Grants & contributions	17,241,849	15,591,007
Capital Grants & contributions	1,775,996	704,005
GENERAL REVENUES		
Property Taxes	34,687,531	33,364,551
Specific ownership taxes	4,241,772	3,676,411
State equalization	67,533,346	65,914,912
Investment earnings	518,461	84,202
Miscellaneous revenues & transfers	859,811	474,011
TOTAL REVENUES	140,392,776	133,834,670
EXPENSES		
Instruction	116,929,506	73,810,829
Supporting Services	81,426,966	55,862,491
Community Services	76,220	3,110
Facilities Acquisition & construction	4,238,269	2,313,108
Interest on long-term debt	3,869,435	3,450,685
Food Services	6,326,064	4,957,824
TOTAL EXPENSES	212,866,460	140,398,047
Change in Net Position	(72,473,684)	(6,563,377)
Beginning Net Position	(82,122,256)	(77,281,819)
Prior Period Adjustment	(1,848,012)	1,722,940
TOTAL NET POSITION	\$ (156,443,952)	\$ (82,122,256)

EL PASO COUNTY SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2017

Financial Analysis of the Governmental Funds

As stated earlier, School District 49 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, unreserved 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 June 30, 2017, the District's governmental funds reported combined ending fund balances of \$110,488,925 compared to \$30,876,271 at June 30, 2016.

The general fund is the chief operating fund of the District. At June 30, 2017, committed and unassigned fund balance of the general fund was \$8,523,165 and \$9,646,242 at June 30, 2016; while total fund balance is \$24,915,693 and \$20,764,521 at June 30, 2017 and 2016 respectively. As a measure of the general fund's liquidity, it may be useful to compare both contingent/unassigned fund balance and total fund balance to total fund expenditures. Excluding Charter School remittances, nominally committed and unassigned fund balance represents 7.4% of total general fund expenditures, while total fund balance represents 21.6% of that same amount.

The Bond Redemption Fund remains in strong financial condition. The fund has an ample fund balance to make the December 1st principal and interest payments on the District's voter approved debt. The fund balance as of June 30, 2017 is \$5,084,704 and \$7,904,764 at June 30, 2016 which is entirely restricted for debt service.

In 2016-17, School District 49 expended \$6,698,366 of local, state and federal grant funds, excluding charter school grant expenditures. Of these expenditures, \$1,222,425 represent funds yet to be received from the individual granting authorities prior to the close of the fiscal year; and are scheduled for receipt early in the 2017-18 fiscal year.

General Fund Budgetary Highlights

The District approves the original budget in June based on enrollment projections for the following school year. In October, after a better estimate of enrollment can be made, adjustments are made to the budget. The rapid growth the District experienced for most of 2000's has moderated in the last few years, but is starting to tick up again. The 2016-17 to 2017-2018 expected growth was 4.7%

Some significant budget highlights include:

- The final (Amended) budget for the General Fund showed a decrease in expenditures by \$651,584 from the original (Adopted) budget. The decrease was due to a \$3,405,996 reduction in revenue offset by a newly budgeted reduction in fund balance.
- Actual General Fund results for the 2016-17 fiscal year showed expenses in excess of revenues by \$1,108,068, which was \$1,646,344 better than the amended budget. The improvement came from lower expenditures in the educational program.

**EL PASO COUNTY SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2017**

Capital Assets and Debt Administration

Capital assets. School District 49's investment in capital assets for governmental activities as of June 30, 2017 amounts to \$145,497,246, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery, equipment, and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was due to the depreciation of existing assets and/or disposal of assets.

INVESTMENT IN CAPITAL ASSETS

	Balance at 6/30/2017	Balance at 6/30/2016
Governmental Activities:		
Land & Site Improvements	\$ 17,191,750	\$ 15,765,500
Building & Improvements	124,322,808	127,507,136
Equipment	695,289	3,054,328
Construction in Progress	3,287,399	886,034
Total capital assets, net	<u>\$ 145,497,246</u>	<u>\$ 147,212,998</u>

Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-Term Debt. At the end of the current fiscal year, the District's total outstanding long-term debt was \$172,194,591. Of this amount, \$4,960,000 is general obligation bonds for which there is a mill levy assessment to pay the debt, \$3,826,291 for capital leases, and \$146,255,000 in certificates of participation.

In November 2005, the constituents approved a mill levy override to pay for the construction of new facilities and additions to then-current facilities. The District sold the aforementioned Certificates of Participation in July 2006 and July 2007 to finance this construction and will pay the certificates back with the approved mill levy override tax revenue.

In November 2016, the constituents approved a mill levy override to pay for the construction of new facilities and additions to then-current facilities. The District sold the aforementioned Certificates of Participation in February 2017 to finance this construction and will pay the certificates back with the approved mill levy override tax revenue.

State Statutes limit the amount of the District's general obligation bonded debt to 20% of the assessed value of the District, or 6% of the retail value of the District. At the end of the current fiscal year, the District had total general obligation bonded debt of \$4,960,000 or 0.6% of assessed value. The district's legal debt limit and debt margin is \$156,620,956 and \$151,660,956 respectively relative to the assessed value measures.

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

EL PASO COUNTY SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2017

Economic Factors and 2016-2017 Budget

- The local, state, and federal economies are performing very well. This was seen in the change in the District's assessed property value, which increased by 16.16% in 2017 from the prior year to a total of \$840,574,750, despite a 0.7% reduction in the residential assessment rate to 7.20%. Due to requirements of the Colorado State Constitution's Gallagher Amendment, passed in 1982 – which mandates a consistent ratio between residential and non-residential property, the residential assessment rate is likely to continue to decline.
- The District will continue to work proactively with developers, the City of Colorado Springs, and El Paso County to address the enrollment growth issues. School District 49 has been one of the fastest growing school districts in the state, based on enrollment - on a percentage basis, for the last several years; and current expectations are for that to continue for the next 15-20 years. This would result in District 49 eventually becoming the largest school district in the Colorado Springs / El Paso County Colorado area, potentially doubling the number of students served over that time.
- The District will open its first new school in the Operated Portfolio in several years, in August 2018. Bennett Ranch Elementary School will help relieve overcrowding at other elementary schools and accommodate additional growth in the north / northeast areas of the district.
- The District continues to work with charter schools. The District had six charter schools during the current fiscal year and plans to add an additional school, Liberty Tree Academy for the 2018-2019 school year.
- The District ended the 2016-17 school year with more than a 10% revenue to fund balance – revenue ratio (excluding PERA liability), as mandated by School Board Policy DAC. The 10% target equates to approximately one month of expenditures and is necessary to handle the District's annual cash flow cycle that is present due to the seasonal nature of property tax receipts.

Requests for Information

The financial report is designed to provide a general overview of School District 49's finances for those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, El Paso County School District 49, 10850 E. Woodmen Road, Peyton, CO 80831

BASIC FINANCIAL STATEMENTS

EL PASO COUNTY SCHOOL DISTRICT 49
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 21,975,531	\$ 23,559,211
Restricted cash and cash equivalents	103,812,544	8,248,182
Investments	-	3,555,405
Accounts receivable	697,206	314,915
Grants receivable	1,222,425	-
Taxes receivable	1,226,489	-
Intergovernmental receivables	-	357,923
Prepaid expenses	-	312,237
Deposits	-	84,612
Inventories	158,317	410,374
Capital assets, not being depreciated	20,479,149	2,241,971
Capital assets, net of depreciation	125,018,097	46,766,185
Total assets	274,589,758	85,851,015
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	5,230,187	768,283
Deferred pension outflows	166,115,085	51,999,812
Total deferred outflows of resources	171,345,272	52,768,095
LIABILITIES		
Accounts payable and other current liabilities	5,068,914	2,489,777
Accrued salaries and benefits	10,501,250	609,554
Compensated absences	136,932	-
Payable to fiduciary funds	116,763	-
Accrued interest	280,130	813,448
Unearned revenues	821,364	221,989
Long-term liabilities		
Due within one year	9,991,428	392,420
Due in more than one year	162,066,231	61,135,432
Net pension liability	411,418,362	115,967,144
Total liabilities	600,401,374	181,629,764
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	1,977,608	1,417,195
Total deferred inflows of resources	1,977,608	1,417,195
NET POSITION		
Net investment in capital assets	51,925,850	(7,060,664)
Restricted for:		
Emergency reserve (TABOR)	3,265,000	1,650,500
Debt service	18,131,074	4,711,508
Preschool	81,158	-
Unrestricted	(229,847,034)	(43,729,193)
Total net position	\$ (156,443,952)	\$ (44,427,849)

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

EL PASO COUNTY SCHOOL DISTRICT 49
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units Charter Schools
Primary government						
Governmental activities						
Instruction	\$ 116,929,506	\$ 1,811,590	\$ 14,121,330	\$ 1,820,421	\$ (99,176,165)	\$ -
Supporting services	81,426,966	10,156,961	980,436	-	(70,289,569)	-
Community services	76,220	-	-	-	(76,220)	-
Facilities acquisition & construction	4,238,269	-	-	(44,425)	(4,282,694)	-
Food Service	3,869,435	1,565,459	2,140,083	-	(163,893)	-
Interest and fiscal charges	6,326,064	-	-	-	(6,326,064)	-
Total governmental activities	<u>\$ 212,866,460</u>	<u>\$ 13,534,010</u>	<u>\$ 17,241,849</u>	<u>\$ 1,775,996</u>	<u>(180,314,605)</u>	<u>-</u>
Component units						
Charter schools	<u>\$ 77,224,926</u>	<u>\$ 4,726,709</u>	<u>\$ 2,156,642</u>	<u>\$ 989,740</u>		<u>(69,351,835)</u>
General revenues:						
Property taxes					34,687,531	-
Specific ownership taxes					4,241,772	-
State equalization					67,533,346	-
Per pupil revenue					-	50,470,662
Mill levy override					-	904,510
Investment earnings					518,461	104,740
Miscellaneous					859,811	1,125,596
Insurance proceeds					-	230,553
Total general revenues					<u>107,840,921</u>	<u>52,836,061</u>
Change in net position					(72,473,684)	(16,515,774)
Net position - beginning, as restated (deficit)					<u>(83,970,268)</u>	<u>(27,912,075)</u>
Net position - ending (deficit)					<u>\$ (156,443,952)</u>	<u>\$ (44,427,849)</u>

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

EL PASO COUNTY SCHOOL DISTRICT 49
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General Fund</u>	<u>Building Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 18,321,338	\$ -	\$ 530,091	\$ 18,851,429
Restricted cash and cash equivalents	15,045,388	83,500,000	5,267,156	103,812,544
Accounts receivable	332,333	-	165,568	497,901
Grants receivable	-	-	1,222,425	1,222,425
Taxes receivable	1,113,920	-	112,569	1,226,489
Due from other funds	4,925,037	-	1,914,249	6,839,286
Inventories	-	-	158,317	158,317
	<u>-</u>	<u>-</u>	<u>158,317</u>	<u>158,317</u>
 Total assets	 <u>\$ 39,738,016</u>	 <u>\$ 83,500,000</u>	 <u>\$ 9,370,375</u>	 <u>\$ 132,608,391</u>
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 2,000,767	\$ 2,320,532	\$ 317,354	\$ 4,638,653
Accrued salaries and benefits	10,167,840	-	333,410	10,501,250
Compensated absences	136,114	-	818	136,932
Payable to fiduciary funds	116,763	-	-	116,763
Due to other funds	1,914,249	3,092,166	460,802	5,467,217
Unearned revenue	108,025	-	713,339	821,364
	<u>14,443,758</u>	<u>5,412,698</u>	<u>1,825,723</u>	<u>21,682,179</u>
 Total liabilities	 <u>14,443,758</u>	 <u>5,412,698</u>	 <u>1,825,723</u>	 <u>21,682,179</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	378,565	-	58,722	437,287
	<u>378,565</u>	<u>-</u>	<u>58,722</u>	<u>437,287</u>
 Total deferred inflows of resources	 <u>378,565</u>	 <u>-</u>	 <u>58,722</u>	 <u>437,287</u>
FUND BALANCES				
Nonspendable	-	-	158,317	158,317
Restricted for:				
Emergency reserve (TABOR)	3,265,000	-	-	3,265,000
Debt service	13,046,370	-	5,084,704	18,131,074
Preschool	81,158	-	-	81,158
Committed for:				
Risk management	1,138,775	-	-	1,138,775
Capital projects	450,750	78,087,302	716,114	79,254,166
Contingencies	6,809,794	-	-	6,809,794
Assigned for:				
Food Services	-	-	1,109,106	1,109,106
Pupil activities	-	-	417,689	417,689
Unassigned	123,846	-	-	123,846
	<u>24,915,693</u>	<u>78,087,302</u>	<u>7,485,930</u>	<u>110,488,925</u>
 Total fund balances	 <u>24,915,693</u>	 <u>78,087,302</u>	 <u>7,485,930</u>	 <u>110,488,925</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 39,738,016</u>	 <u>\$ 83,500,000</u>	 <u>\$ 9,370,375</u>	 <u>\$ 132,608,391</u>

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

EL PASO COUNTY SCHOOL DISTRICT 49
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2017

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

Total fund balance - governmental funds	\$ 110,488,925
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, but are reported in the governmental activities of the statement of net position.	145,497,246
Property tax receivable is not available to pay current period expenditures and therefore is not reported in this fund financial statement, but is reported in the governmental activities of the statement of net position.	437,287
Deferred charges on refunding are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.	5,230,187
Internal service funds are used by the District's management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included with governmental activities in the statement of net position.	1,521,077
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred outflows of resources.	166,115,085
Accrued interest is not due and payable in the current period, and therefore is not reported as a liability in the funds.	(280,130)
Net pension liability is not due and payable in the current period and, therefore, are not reported in the funds.	(411,418,362)
Other long-term liabilities are not due and payable in the current period and, therefore, are reported as deferred inflows of resources.	(1,977,608)
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.	<u>(172,057,659)</u>
Net position of governmental activities	<u><u>\$ (156,443,952)</u></u>

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

EL PASO COUNTY SCHOOL DISTRICT 49
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Building Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources	\$ 39,509,135	\$ -	\$ 8,587,686	\$ 48,096,821
State sources	74,953,911	-	876,086	75,829,997
Federal sources	428,768	-	8,081,933	8,510,701
Total revenues	<u>114,891,814</u>	<u>-</u>	<u>17,545,705</u>	<u>132,437,519</u>
EXPENDITURES				
Instruction	60,986,772	-	5,122,486	66,109,258
Supporting services	44,448,231	-	4,093,293	48,541,524
Community services	1,860	-	74,360	76,220
Facilities acquisition and construction	2,191,577	5,412,698	-	7,604,275
Food Service	-	-	3,869,434	3,869,434
Debt service	7,670,284	-	7,520,171	15,190,455
Total expenditures	<u>115,298,724</u>	<u>5,412,698</u>	<u>20,679,744</u>	<u>141,391,166</u>
Excess (deficiency) of revenues over expenditures	<u>(406,910)</u>	<u>(5,412,698)</u>	<u>(3,134,039)</u>	<u>(8,953,647)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(84,008,219)	83,500,000	508,219	-
Refunding bond proceeds	79,615,000	-	-	79,615,000
Refunding bond premium	8,951,301	-	-	8,951,301
Total other financing sources (uses)	<u>4,558,082</u>	<u>83,500,000</u>	<u>508,219</u>	<u>88,566,301</u>
Net change in fund balances	4,151,172	78,087,302	(2,625,820)	79,612,654
Fund balances - beginning	<u>20,764,521</u>	<u>-</u>	<u>10,111,750</u>	<u>30,876,271</u>
Fund balances - ending	<u>\$ 24,915,693</u>	<u>\$ 78,087,302</u>	<u>\$ 7,485,930</u>	<u>\$ 110,488,925</u>

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

**EL PASO COUNTY SCHOOL DISTRICT 49
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

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

Net change in fund balances - total governmental funds:	\$ 79,612,654
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,494,844
In the statement of activities, the disposition of capital assets generates a gain or loss and is reported as such. The gain or loss on disposition is not a current financial resource or use and, thus, is not reported in the funds.	(3,210,596)
Governmental funds do not present property tax revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	2,450
Internal service funds are used by the District to charge the cost of certain activities to individual funds. The net revenue of the internal service funds are reported with governmental activities.	(534,538)
Interest expense is reported when incurred in the statement of activities but is not reported in the funds until paid.	(144,184)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(79,558,216)
Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts incurred during the year.	166,829
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.	<u>(70,302,927)</u>
Change in net position of governmental activities	<u><u>\$ (72,473,684)</u></u>

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

EL PASO COUNTY SCHOOL DISTRICT 49
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Governmental Activities <hr/> Internal Service Fund <hr/>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 3,124,102
Accounts receivable, net	199,306
	<hr/>
Total current assets	3,323,408
	<hr/>
LIABILITIES	
Current liabilities	
Accounts payable	430,262
Due to other funds	1,372,069
	<hr/>
Total current liabilities	1,802,331
	<hr/>
NET POSITION	
Unrestricted	1,521,077
	<hr/>
Total net position	\$ 1,521,077
	<hr/> <hr/>

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

EL PASO COUNTY SCHOOL DISTRICT 49
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 8,797,343
Total operating revenues	8,797,343
OPERATING EXPENSES	
Purchased services	9,349,027
Total operating expenses	9,349,027
Operating income (loss)	(551,684)
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	17,146
Total non-operating revenue (expenses)	17,146
Change in net position	(534,538)
Net position - beginning	2,055,615
Net position - ending	\$ 1,521,077

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

EL PASO COUNTY SCHOOL DISTRICT 49
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	\$ 11,618,603
Cash payments to suppliers	(9,637,541)
Net cash provided (used) by operating activities	1,981,062
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	17,146
Net cash provided (used) by investing activities	17,146
Net increase (decrease) in cash and cash equivalents	1,998,208
Cash and cash equivalents - beginning	1,125,894
Cash and cash equivalents - ending	\$ 3,124,102
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (551,684)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(199,306)
Due from other funds	1,846,089
Increase (decrease) in:	
Accounts payable	(89,208)
Due to other funds	975,171
Total adjustments	2,532,746
Net cash provided (used) by operating activities	\$ 1,981,062

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

EL PASO COUNTY SCHOOL DISTRICT 49
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Private- Purpose Trust Fund	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 3,597	\$ 680,849
Receivable from primary government	2,071	114,692
	5,668	795,541
LIABILITIES		
Accounts payable	-	56,761
Due to student organizations	-	738,780
	-	\$ 795,541
NET POSITION		
Held in trust for scholarship recipients	5,668	
	\$ 5,668	

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

**EL PASO COUNTY SCHOOL DISTRICT 49
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE, 30 2017**

	Private- Purpose Trust Fund
ADDITIONS	
Fundraising activities	\$ 535
Total additions	535
DEDUCTIONS	
Scholarship awards	1,000
Total deductions	1,000
Change in net position	(465)
Net position - beginning	6,133
Net position - ending	\$ 5,668

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

COMPONENT UNITS

EL PASO COUNTY SCHOOL DISTRICT 49
COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	Pikes Peak School of Expeditionary Learning	Banning Lewis Ranch Academy	Rocky Mountain Classical Academy	Imagine Classical Academy	GOAL Academy	Power Technical Early College	Total
ASSETS							
Cash and cash equivalents	\$ 2,065,534	\$ 1,368,329	\$ 3,810,922	\$ 1,241,542	\$ 14,772,724	\$ 300,160	\$ 23,559,211
Restricted cash and cash equivalents	32,975	8,215,207	-	-	-	-	8,248,182
Investments	-	-	3,555,405	-	-	-	3,555,405
Receivables	26,139	-	181,973	46,200	-	60,603	314,915
Prepaid expenses	-	28,473	253,569	8,431	19,964	1,800	312,237
Deposits	-	-	16,210	-	68,402	-	84,612
Intergovernmental receivables	-	245,819	-	-	112,104	-	357,923
Inventory	-	-	-	-	410,374	-	410,374
Capital assets, not being depreciated	548,380	-	1,693,591	-	-	-	2,241,971
Capital assets, net of depreciation	4,247,714	21,327,851	20,531,225	-	659,395	-	46,766,185
Total assets	6,920,742	31,185,679	30,042,895	1,296,173	16,042,963	362,563	85,851,015
DEFERRED OUTFLOWS OF RESOURCES							
Loss on Debt Refunding, Net of Accumulated Depreciation	768,283	-	-	-	-	-	768,283
Deferred pension outflows	3,231,064	110,987	8,436,856	5,406,345	34,814,560	-	51,999,812
Total deferred outflows of resources	3,999,347	110,987	8,436,856	5,406,345	34,814,560	-	52,768,095
LIABILITIES							
Accounts payable and other current liabilities	16,828	1,065,680	98,088	17,199	1,026,644	265,338	2,489,777
Accrued salaries and benefits	130,013	174,571	231,175	-	73,795	-	609,554
Accrued interest	17,597	69,103	726,748	-	-	-	813,448
Unearned revenues	-	-	199,401	2,880	-	19,708	221,989
Long-term liabilities							
Due within one year	167,420	-	225,000	-	-	-	392,420
Due in more than one year	5,783,457	28,355,000	26,996,975	-	-	-	61,135,432
Net Pension Liability	7,808,663	-	18,728,213	13,055,696	76,374,572	-	115,967,144
Total liabilities	13,923,978	29,664,354	47,205,600	13,075,775	77,475,011	285,046	181,629,764
DEFERRED INFLOWS OF RESOURCES							
Deferred pension inflows	34,731	-	380,172	58,990	943,302	-	1,417,195
Total deferred inflows of resources	34,731	-	380,172	58,990	943,302	-	1,417,195
NET POSITION							
Net investment in capital assets	(386,500)	(2,336,400)	(4,997,159)	-	659,395	-	(7,060,664)
Restricted for:							
Emergency reserve - TABOR	94,000	187,000	309,000	185,000	832,000	43,500	1,650,500
Debt service	15,378	2,054,153	2,641,977	-	-	-	4,711,508
Unrestricted	(2,761,498)	1,727,559	(7,059,839)	(6,617,247)	(29,052,185)	34,017	(43,729,193)
Total net position	\$ (3,038,620)	\$ 1,632,312	\$ (9,106,021)	\$ (6,432,247)	\$ (27,560,790)	\$ 77,517	\$ (44,427,849)

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

**EL PASO COUNTY SCHOOL DISTRICT 49
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

	Pikes Peak School of Expeditionary Learning	Banning Lewis Ranch Academy	Rocky Mountain Classical Academy	Imagine Classical Academy	GOAL Academy	Power Technical Early College	Total
EXPENSES							
Instruction	\$ 2,820,599	\$ 2,560,246	\$ 6,976,538	\$ 4,233,490	\$ 15,934,328	\$ 644,916	\$ 33,170,117
Supporting services	1,056,021	3,511,072	6,313,859	4,599,523	23,391,935	928,919	39,801,329
Interest and fiscal charges	413,227	1,173,716	2,666,537	-	-	-	4,253,480
Total expenses	<u>4,289,847</u>	<u>7,245,034</u>	<u>15,956,934</u>	<u>8,833,013</u>	<u>39,326,263</u>	<u>1,573,835</u>	<u>77,224,926</u>
PROGRAM REVENUES							
Charges for services	139,104	1,248,150	2,891,095	418,919	-	29,441	4,726,709
Operating grants and contributions	13,384	209,210	222,402	56,951	1,654,695	-	2,156,642
Capital grants and contributions	-	413,435	368,840	207,465	-	-	989,740
Total program revenues	<u>152,488</u>	<u>1,870,795</u>	<u>3,482,337</u>	<u>683,335</u>	<u>1,654,695</u>	<u>29,441</u>	<u>7,873,091</u>
Net expense (revenue)	<u>(4,137,359)</u>	<u>(5,374,239)</u>	<u>(12,474,597)</u>	<u>(8,149,678)</u>	<u>(37,671,568)</u>	<u>(1,544,394)</u>	<u>(69,351,835)</u>
GENERAL REVENUES							
Per pupil operating revenue	2,771,528	5,439,180	9,397,353	5,287,753	26,442,688	1,132,160	50,470,662
Mill levy override	156,772	240,164	-	173,674	333,900	-	904,510
Investment earnings	5,770	67,213	11,375	-	20,297	85	104,740
Insurance proceeds	-	-	-	230,553	-	-	230,553
Miscellaneous	128,906	126,303	315,488	11,013	54,220	489,666	1,125,596
Total general revenues	<u>3,062,976</u>	<u>5,872,860</u>	<u>9,724,216</u>	<u>5,702,993</u>	<u>26,851,105</u>	<u>1,621,911</u>	<u>52,836,061</u>
Change in net position	(1,074,383)	498,621	(2,750,381)	(2,446,685)	(10,820,463)	77,517	(16,515,774)
Net position - beginning (deficit)	<u>(1,964,237)</u>	<u>1,133,691</u>	<u>(6,355,640)</u>	<u>(3,985,562)</u>	<u>(16,740,327)</u>	<u>-</u>	<u>(27,912,075)</u>
Net position - ending (deficit)	<u>\$ (3,038,620)</u>	<u>\$ 1,632,312</u>	<u>\$ (9,106,021)</u>	<u>\$ (6,432,247)</u>	<u>\$ (27,560,790)</u>	<u>\$ 77,517</u>	<u>\$ (44,427,849)</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of El Paso County School District 49 (the District) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. DESCRIPTION OF GOVERNMENT-WIDE 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 non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. REPORTING ENTITY

El Paso County School District 49 was organized by a vote of qualified electorate during 1889, under the provisions of Colorado Law. The legislative power of the District is vested in the Board of Education, consisting of five members who are elected for staggered four-year terms. Over the years there have been 6 different name variations used for the District, including Falcon School District 49. On February 25, 2015 the Board passed a resolution that recognized that the six different names are one in the same entity. Going forward the District will use El Paso County School District 49 for reporting purposes. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Aggregate discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the district. The District has presented the following component units:

Discretely Presented Component Units

The Board of Education approved six charter schools for operation. Pikes Peak School of Expeditionary Learning, Banning Lewis Ranch Academy, Rocky Mountain Classical Academy, Imagine Classical Academy, Guided Online Academic Learning (GOAL) Academy, and Power Technical Early College charter schools were formed in accordance with state statute as District charter schools. The charter schools are deemed to be fiscally dependent on the District since the District provides the majority of support to each charter school in the form of per pupil revenue. In addition, the nature and significance of the charter schools' relationship with the District is such that exclusion would cause the District's financial statements to be incomplete.

The amount of per pupil revenue allotted to each charter school during the year ended June 30, 2017 is as follows:

<u>Charter School</u>	<u>Amount</u>
Pikes Peak School of Expeditionary Learning	\$ 2,771,528
Banning Lewis Ranch Academy	5,439,180
Rocky Mountain Classical Academy	9,397,353
Imagine Classical Academy	5,287,753
GOAL Academy	26,442,688
Power Technical Early College	<u>1,132,160</u>
	<u>\$ 50,470,662</u>

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. REPORTING ENTITY (CONTINUED)

Discretely Presented Component Units (continued)

The members of each charter school's governing board are appointed separately from the District. These charter schools have been deemed to be separate legal entities based on the formation of the schools in accordance with state statutes. Separately issued financial statements for the charter schools may be obtained by writing to the following:

Pikes Peak School of Expeditionary Learning
11925 Antlers Ridge Drive
Falcon, Colorado 80831

Banning Lewis Ranch Academy
7094 Cottonwood Tree Drive
Colorado Springs, Colorado 80927

Rocky Mountain Classical Academy
4620 Antelope Ridge Drive
Colorado Springs, CO 80922

Imagine Classical Academy
6464 Peterson Road
Colorado Springs, CO 80923

GOAL Academy
107 W. 11th Street
Pueblo, CO 80204

Power Technical Early College
2525 Canada Drive
Colorado Springs, CO 80922

C. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained by the District is consistent with legal and managerial requirements.

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

The District reports the following major governmental funds:

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

The *Building Fund* accounts for all resources available for acquiring capital sites, buildings, and equipment.

Additionally, the District reports the following fund types:

Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

The *Food Service Fund* accounts for the District's food service program. This fund is required to account for USDA school breakfast and lunch money received by the District.

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

The *Pupil Activity Fund* is used to account for the revenues and expenditures related to school sponsored student intrascholastic and interscholastic athletic and other related activities.

The *Transportation Fund* is used to account for revenues from a tax levied or a fee imposed for the purpose of paying excess transportation costs.

The *Bond Redemption Fund* is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on long-term general obligation debt.

The *Kids Corner Fund* is used to account for revenues and expenditures related to the before and after school care program for students that attend the Sand Creek Zone.

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

The *Capital Reserve Fund* accounts for the purposes and limitations specified by Section 22-45-103(1)(c), C.R.S., including the acquisition of sites, buildings, equipment, and vehicles.

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS (CONTINUED)

Internal Service Funds account for operations that provide services to other departments or agencies of the government on a cost-reimbursement basis.

The *Health Insurance Fund* accounts for premium payments and claims related to the self-funded health and dental insurance programs and risk related activities.

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. The District has two fiduciary funds:

The *Agency Funds* are custodial in nature and do not present results of operations or a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity. The District's agency funds are the *Pupil Activity Fund* and the *Scholarship Trust*.

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

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are *measurable* when the amount of the transaction can be determined and are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the 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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual are property taxes, and interest associated with the current fiscal year. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue. Other revenues, such as transportation, vocational and special education, are not susceptible to accrual because, generally, they are not measurable until received in cash. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and cash equivalents

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash account is available to meet current operating requirements. Surplus or temporary surplus money in each separate fund may be invested, but no mixing between funds is allowed. Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Restricted cash and cash equivalents

The use of certain cash and cash equivalents of the District may be restricted. These cash items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by debt agreements.

Investments

Investments are stated at fair value.

Accounts receivable

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

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Inventories and prepaid items

Inventory is valued at the lower of cost or market using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

In the Food Service Fund, commodity inventories are stated at USDA's assigned values, which approximate fair value at the date of receipt. Expenses for food items are recorded when used. The federal government donates surplus commodities to supplement the national school lunch programs.

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

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The capitalization threshold is \$5,000 in all funds. Donated capital assets are recorded at acquisition value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in proprietary funds.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Buildings, building improvements, and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Equipment – office	10
Equipment – technology	5
Equipment – vehicles	10

Depreciation of all capital assets is charged as an expense against operations in the government-wide and proprietary fund financial statements.

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Pensions

El Paso County School District 49 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows/inflows of resources

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

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

Long-term liabilities

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

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

Net position flow assumption

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

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Fund balance flow assumption

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

Fund balance classification

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

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

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

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

Amounts reported as *program revenues* include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as programs revenues. Likewise, general revenues include all taxes.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on December 31 and are payable in full by April 30, or are payable in two equal installments due February 28 and June 15. The county treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied to the extent they result in current receivables.

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The tax rate for the year ended December 31, 2017 is 38.437 mills for general operating expenses and 5.980 mills for the payment of long-term debt. The District's assessed valuation for the collection year 2017 is \$783,104,780.

Specific Ownership Taxes

Specific ownership taxes are collected by the county treasurer for motor vehicle and other personal property registered in the District's assessment area. The tax receipts collected by the county treasurer are remitted to the District in the subsequent month. Specific ownership taxes are recorded as revenue when collected by the county.

Compensated Absences

Sick Leave Payable: Employees accrue 10-12 days of sick leave each year dependent upon their contract basis. Sick leave may be accumulated up to a maximum of 120 days. An employee will be reimbursed one-half of the current substitute rate or one-half of his/her base daily pay per classification of any unused sick leave days beyond the 120 days annually.

Upon retirement (15 years of more in the District or eligible for PERA retirement with at least 5 years of services in the District) an employee will be reimbursed at the current substitute rate of pay for their classification, up to a maximum of 120 days.

Vacation Payable: Under the District's policies certain employees earn vacation pay of 10-20 days, based on longevity of service. All unused/accrued vacation is vested at June 30, each year.

Personal Leave: A teacher or an employee who works 30 hours or more per week may be absent for two days per year for the purpose of personal leave. Personal days which are not used during the school year may be added to the employee's sick leave days or be reimbursed at the current substitute rate of pay.

The compensated absences balance is reported in the government-wide financial statements. For the governmental fund financial statements, the recognition of this liability is limited to the amount expected to be paid using expendable available resources.

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. REVENUES AND EXPENDITURES/EXPENSES (CONTINUED)

Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s enterprise fund are charges for services. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

H. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position:

The governmental funds balance sheet includes reconciliation between *total fund balances—governmental funds* and *total net position—governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements”. The details of this difference are as follows:

Non-depreciable assets	\$ 20,479,149
Net depreciable assets	<u>125,018,097</u>
Net adjustment to <i>total fund balances—governmental funds</i> to arrive at <i>total net position—governmental activities</i>	<u>\$ 145,497,246</u>

Another element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not included in the fund financial statements.” The details of this difference are as follows:

Bonds payable	\$ (4,960,000)
Certificates of Participation	(146,255,000)
COP Premium	(14,373,164)
Capital Lease Obligations	(3,826,291)
Compensated Absences	<u>(2,643,204)</u>
Net adjustment to <i>total fund balances—governmental funds</i> to arrive at <i>net position—governmental activities</i>	<u>\$ (172,057,659)</u>

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)**

Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances—governmental funds* and *change in net position—governmental activities* as reported in the government-wide statement of activities. One element of the reconciliation states that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this difference are as follows:

Depreciation	\$ (7,194,667)
Capital outlays	<u>8,689,511</u>
Net adjustment to <i>net change in fund balances—governmental funds</i> to arrive at <i>change in net position—governmental activities</i>	<u>\$ 1,494,844</u>

Another element of the reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities”. The details of this difference are as follows:

COP proceeds	\$ (88,566,301)
General obligation bonds principal payments	7,345,000
Certificates of participation principal payments	1,705,000
Capital Lease principal payments	223,633
Amortization of deferred on refunding	(904,604)
Accretion of bond and COP premiums	<u>639,056</u>
Net adjustment to <i>net change in fund balances—governmental funds</i> to arrive at <i>change in net position—governmental activities</i>	<u>\$ (79,558,216)</u>

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, management submits to the Board of Education, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayers comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Chief Education Officer is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for proprietary funds which are budgeted on the cash basis. Budgeted amounts in this report are as originally adopted or amended.
7. All original and supplemental appropriations for all funds lapse at the end of the fiscal year.

Excess of expenditures over appropriations

For the year ended June 30, 2017, expenditures exceeded appropriations in the Food Service Fund and the Risk Management Fund by \$204,247 and \$290,687, respectively. These excess of expenditures over appropriations were funded by additional revenues during the year.

NOTE 4 – DEPOSITS AND INVESTMENTS

Cash deposits with financial institutions

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the District's deposits at June 30, 2017 was \$1,690,464 and the bank balances were \$2,465,107. Of the bank balances, \$1,230,346 was covered by federal deposit insurance and the balance was uninsured but collateralized in accordance with the provisions of the PDPA.

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

The District is authorized by Colorado statutes to invest in the following:

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

The District has invested in the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. This investment vehicle operates similarly to money market funds and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares.

The designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. However, the District does not categorize investments with COLOTRUST because they are not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. State law and District investment policy limit investment maturities to five years or less as a means of management exposure to fair value loss resulting from increasing interest rates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to interest rate risk. However, almost all investments of the District have maturities less than six months. As such, due to the short-term nature of the District's investments, interest rate risk is minimized.

Credit Risk: Credit risk involves the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those described above. The District does not have a formal investment policy that would further limit its investment choices. As of June 30, 2017 all of the District's investments in COLOTRUST and money markets were rated AAAM by Standard & Poor's, the corporate discount notes were rated A1 by Standard & Poor's, and the other investments were not rated.

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2017 the District’s investment balances were as follows:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
Local Government Investment Pool (COLOTRUST)	Less than 60 days	\$ 118,080,740
Money Market	Less than 60 days	<u>6,016,871</u>
		<u>\$ 124,097,611</u>

Restricted cash and investments

Cash and investments of \$103,812,544 representing reserves for debt service of \$5,267,156 in the Bond Redemption fund, mill levy override funds of \$15,045,388, and Building fund reserves of \$83,500,000.

NOTE 5 – FAIR VALUE MEASUREMENT

The District records assets and liabilities in accordance with GASB 72, which establishes general principles for measuring fair value, provides additional fair value application guidance and enhances disclosures about fair value measurements.

GASB 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique. As a basis for considering market participant assumptions in fair value measurements, GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

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

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment’s risk.

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – FAIR VALUE MEASUREMENT (CONTINUED)

Investments classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Investments classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments - unrestricted				
Money Market	\$ 1,296,391	\$ -	\$ -	\$ 1,296,391
ColoTrust	<u>18,988,676</u>	<u>-</u>	<u>-</u>	<u>18,988,676</u>
Total Investments - unrestricted	<u>20,285,067</u>	<u>-</u>	<u>-</u>	<u>20,285,067</u>
Investments - restricted				
Money Market	4,720,480	-	-	4,720,480
ColoTrust	<u>99,092,064</u>	<u>-</u>	<u>-</u>	<u>99,092,064</u>
Total Investments - restricted	<u>\$ 103,812,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,812,544</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and Payables

Interfund receivables and payables are created in conjunction with the District’s pooled cash and investment portfolios. Balances are routinely cleared as a matter of practice.

The composition of interfund balances at June 30, 2017 is as follows:

	<u>Due From</u> <u>Other Funds</u>	<u>Due To</u> <u>Other Funds</u>
General Fund	\$ 4,925,037	\$ 1,914,249
Building Fund	-	3,092,166
Food Service Fund	833,162	-
Governmental Designated Purpose Grants Fund	3,913	-
Pupil Activity Fund	361,060	-
Transportation Fund	-	219,872
Kids Corner Fund	-	4,631
Bond Redemption Fund	-	236,299
Capital Projects Fund	716,114	-
Risk Management – Health Insurance Fund	<u>-</u>	<u>1,372,069</u>
	<u>\$ 6,839,286</u>	<u>\$ 6,839,286</u>

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Interfund transfers

Interfund transfer activity for the year ended June 30, 2017 is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ -	\$ 84,008,219
Building Fund	83,500,000	-
Pupil Activity Fund	165,221	-
Transportation Fund	<u>342,998</u>	<u>-</u>
	<u>\$ 84,008,219</u>	<u>\$ 84,008,219</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Balance 06/30/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/17</u>
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 15,765,500	\$ 1,426,250	\$ -	\$ 17,191,750
Construction in progress	<u>886,034</u>	<u>3,287,400</u>	<u>(886,035)</u>	<u>3,287,399</u>
Total capital assets not being depreciated	<u>16,651,534</u>	<u>4,713,650</u>	<u>(886,035)</u>	<u>20,479,149</u>
Capital assets being depreciated:				
Buildings and improvements	197,724,146	2,967,290	-	200,691,436
Equipment	<u>21,042,469</u>	<u>1,894,606</u>	<u>(6,235,132)</u>	<u>16,701,943</u>
Total capital assets being depreciated	<u>218,766,615</u>	<u>4,861,896</u>	<u>(6,235,132)</u>	<u>217,393,379</u>
Less accumulated depreciation for:				
Buildings and improvements	(70,217,010)	(6,151,618)	-	(76,368,628)
Equipment	<u>(17,988,141)</u>	<u>(1,043,049)</u>	<u>3,024,536</u>	<u>(16,006,654)</u>
Total accumulated depreciation	<u>(88,205,151)</u>	<u>(7,194,667)</u>	<u>3,024,536</u>	<u>(92,375,282)</u>
Total capital assets being depreciated, net	<u>130,561,464</u>	<u>(2,332,771)</u>	<u>(3,210,596)</u>	<u>125,018,097</u>
Governmental activities capital assets, net	<u>\$ 147,212,998</u>	<u>\$ 2,380,879</u>	<u>\$ (4,096,631)</u>	<u>\$ 145,497,246</u>

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

Instruction	\$ 6,252,544
General Administration	516,587
Operation and Maintenance	53,177
Student Transportation	359,075
Central Services	<u>13,284</u>
	<u>\$ 7,194,667</u>

NOTE 8 – ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately ten months. The salaries and benefits earned, but unpaid, as of June 30, 2017, are \$10,501,250. Accordingly, the accrued compensation is reflected as a liability in the accompanying Government-Wide Statement of Net Position.

NOTE 9 - LONG-TERM LIABILITIES

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. All general obligation bonds have been issued for governmental activities.

General Obligation bonds payable at June 30, 2017 are as follows:

<p>\$8,780,000 of general obligation refunding bonds series 2015; interest due semi-annually with rates ranging from 0.655% to 1.308%; principal due annually through 2018 in payments of \$400,000 to \$4,960,000. Proceeds were used to advance refund a portion of 2006 and 2006B series bonds.</p>	<p style="text-align: center;">Principal Balance</p> <p style="text-align: right;"><u>\$ 4,960,000</u></p>
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Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year <u>Ending June 30</u>	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2018	<u>\$ 4,960,000</u>	<u>\$ 32,438</u>

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Legal Debt Margin

Assessed valuation	<u>\$ 783,104,780</u>
Debt limit – 20% of assessed valuation	156,620,956
General obligation debt	<u>4,960,000</u>
	<u>\$ 151,660,956</u>

Certificates of Participation

In February 2015, the District issued \$70,575,000 in Refunding Certificates of Participation, Series 2015. Principal payments are due annually on December 15 and interest payments are due on June 15 and December 15, through December 2039. Interest accrues at rates ranging from 2.00% to 5.00%. Proceeds of the Certificates were used to advance refund Certificates of Participation, Series 2006 and 2007A.

In February 2017, the District issued \$79,615,000 in Certificates of Participation, Series 2017A&B. Principal payments are due annually on December 15 and interest payments are due on June 15 and December 15, through December 2042. Interest accrues at rates ranging from 3.00% to 5.00%. Proceeds of the Certificates were used to set up the Building fund.

Future debt service requirements of the Certificates of Participation are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,740,000	\$ 6,558,587
2019	4,865,000	6,441,763
2020	5,025,000	6,249,837
2021	5,245,000	6,008,813
2022	5,505,000	5,766,000
2023-2027	31,375,000	24,772,763
2028-2032	25,915,000	17,846,237
2033-2037	32,290,000	11,393,681
2038-2042	30,225,000	4,220,550
2043	<u>4,070,000</u>	<u>101,750</u>
Total	<u>\$146,255,000</u>	<u>\$ 89,359,981</u>

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Capital Leases

The District has entered into capital lease agreements to purchase property, portable buildings, and equipment. The lease terms range from five to fifteen years with annual interest rates from 4.0% to 8.5%. Capital assets of \$5,050,000 have been capitalized under these leases.

Assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Buildings and improvements	\$ 5,050,000
Less: Accumulated depreciation	<u>(785,000)</u>
Total	<u>\$ 4,265,000</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017, were as follows

	<u>Year Ending June 30</u>
	2018
	2019
	2020
	2021
	2022
	2023 – 2027
	2028 – 2030
	<u>892,040</u>
Total minimum lease payments	5,261,382
Less: amount representing interest	<u>(1,435,091)</u>
Present value of minimum lease payments	<u>\$ 3,826,291</u>

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Changes in Long-Term Liabilities

The following is a summary of long-term liabilities of the District for the year ended June 30, 2017:

	<u>Balance</u> <u>06/30/16</u>	<u>Prior Period</u> <u>Adjustment</u>	<u>Debt Issued</u> <u>And Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/17</u>	<u>Due Within</u> <u>One year</u>
<i>Governmental Activities</i>						
General obligation bonds	\$ 12,305,000	\$ -	\$ -	\$ 7,345,000	\$ 4,960,000	\$ 4,960,000
Bond premiums	41,754	-	-	41,754	-	-
Total bonds payable	<u>12,346,754</u>	-	-	7,386,754	4,960,000	4,960,000
Certificates of participation	68,345,000	-	79,615,000	1,705,000	146,255,000	4,795,000
COP premium	6,019,165	-	8,951,301	597,302	14,373,164	
Capital lease obligations	4,049,924	-	-	223,633	3,826,291	236,428
Compensated absences	<u>1,101,588</u>	<u>1,848,013</u>	<u>1,906,348</u>	<u>2,075,813</u>	<u>2,780,136</u>	<u>136,932</u>
<i>Total Governmental Activities</i>	<u>\$ 91,862,431</u>	<u>\$ 1,848,013</u>	<u>\$ 90,472,649</u>	<u>\$ 11,988,502</u>	<u>\$ 172,194,591</u>	<u>\$10,128,360</u>

Payments on the general obligation bonds are made by the Bond Redemption fund with property taxes. Certificates of participation and capital lease obligations are serviced by the General fund. The compensated absences liabilities are paid by the fund for which the employee worked.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The District accounts for and finances its risk activities in the General and Health Insurance Internal Service Funds.

The District purchases commercial insurance for property, liability and worker’s compensation risks of loss. Under the District’s employee health plan, the District provides coverage for up to a maximum of \$250,000 per employee for each calendar year. Settlements have not exceeded premiums for each of the past three fiscal years.

Claims liabilities are reported in the government-wide financial statements and the internal service fund if information available prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability for the year ended June 30, 2017 are as follows:

Net claims payable as of 6/30/2016	\$ 519,470
Claims presented	7,734,204
Claims paid	<u>(7,823,412)</u>
Net claims payable as of 6/30/2017	<u>\$ 430,262</u>

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 – JOINTLY GOVERNED ORGANIZATION

COLORADO DIGITAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

The District in conjunction with other surrounding districts created the Colorado Digital Board of Cooperative Educational Services (BOCES). The BOCES is an organization that utilizes research based learning and technology applications to provide an innovative model of public school education adapted to the needs of elementary, middle and high school students throughout the State of Colorado. The District does not have an ongoing financial interest in or responsibility for the BOCES. Financial statements for the BOCES can be obtained from their office at 4035 Tutt Blvd, Colorado Springs, 80922.

NOTE 12 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the El Paso County School District 49 are provided with pensions through the School Division Trust Fund (SCHDTF) – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

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

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

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

Contributions. Eligible employees and El Paso County School District 49 are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. §24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. §24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. §24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. §24-51-411	4.50%	5.00%
Total Employer Contribution Rate to the SCHDTF	18.13%	18.63%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the El Paso County School District 49 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from El Paso County School District 49 were \$11,827,435 for the year ended June 30, 2017.

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - 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, 2017, the El Paso County School District 49 reported a liability of \$411,418,362 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The El Paso County School District 49 proportion of the net pension liability was based on El Paso County School District 49 contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the El Paso County School District 49's proportion was 1.3818103030 percent, which was an increase of 0.0627931782 percent from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the El Paso County School District 49 recognized pension expense of \$82,157,016. At June 30, 2017, the El Paso County School District 49 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 5,143,360	\$ 3,620
Changes of assumptions or other inputs	133,496,680	1,855,288
Net difference between projected and actual earnings on pension plan investments	13,756,972	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,611,960	118,700
Contributions subsequent to the measurement date	6,106,113	-
Total	\$ 166,115,085	\$ 1,977,608

\$6,106,113 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 63,692,578
2019	\$ 63,135,132
2020	\$ 31,066,440
2021	\$ 137,214

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA’s Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disable retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class.

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA’s Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the projection test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the El Paso County School District 49 proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 5.26 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	\$517,345,369	\$411,418,362	\$325,144,649

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

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Plan description. The El Paso County School District 49 contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding policy. The El Paso County School District 49 is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the El Paso County School District 49 are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016, and 2015 the El Paso County School District 49 contributions to the HCTF were \$656,198, \$609,948, and \$565,956, respectively, equal to their required contributions for each year.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Grants

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. District management believes disallowances, if any, will be immaterial.

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Legal

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District’s counsel the resolution of these matters will not have a material adverse effect on the financial condition of the District.

Construction commitments

The District has active construction projects as of June 30, 2017. The projects include hail damage repair, mill levy override projects, and roof replacements. At year end the district’s commitments with contractors are as follows:

Project	Spent-to-Date	Remaining commitment
Hail damage repair	\$ -	\$ 1,660,981
Mill levy override projects	\$ 164,172	\$ 577,681
Roof replacement	\$ 1,377,002	\$ 925,076

NOTE 15 - TAX, SPENDING, AND DEBT LIMITATIONS

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

The District’s financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

The amendment excludes Enterprises from its provisions. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of its annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment.

Fiscal year spending and revenue limits are determined based on the prior years’ spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

On November 7, 2001, the registered voters approved a ballot resolution authorizing the District to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

On November 8, 2016, the registered voters approved a ballot resolution authorizing the District to collect up to \$3,300,000 in property tax revenue in 2017 and such additional amounts generated annually thereafter by continuing to collect 10.159 mills that is currently being levied to be used for general fund purposes including rental payments on lease-purchase financings and for other capital improvements and for operations priorities.

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15 - TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, the Amendment specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocable pledging present cash reserves for all future payments.

The Amendment requires Emergency Reserves to be established. These reserves must be 3 percent of Fiscal Year Spending. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. As of June 30, 2017 the District reserved \$3,265,000 in the General Fund for this purpose.

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

NOTE 16 – PRIOR PERIOD ADJUSTMENT

During the year, it was determined that sick leave for employees with between five and ten years of service was not being calculated and included with the Compensated Absences. A prior period adjustment is required to show the actual value of the Compensated Absences.

The above restatement had the following impact on previously reported balances:

Statement of Activities	Governmental Activities
Net position, July 1, 2016, as previously stated	\$ (82,122,256)
Restatement for Compensated Absences	<u>(1,848,012)</u>
Net position, July 1, 2016, as restated	<u>\$ (83,970,268)</u>

NOTE 17 – SUBSEQUENT EVENTS

As of July 1, 2018, the District has executed construction contracts totaling \$60,078,000 for mill levy override projects, renovations, building additions, and for the construction of two elementary school buildings.

On July 7, 2017, the District took out a loan from The Eastern Colorado Bank in the amount of \$3,000,000 with a fixed interest rate at 3.5%. The loan has a maturity date of June 25, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

EL PASO COUNTY SCHOOL DISTRICT 49
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND COVERED PAYROLL
JUNE 30, 2017

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability (asset)	1.2885339442%	1.3054972089%	1.3190171248%	1.3818103030%
District's proportionate share of the net pension liability (asset)	\$ 164,352,157	\$ 176,938,723	\$ 201,734,357	\$ 411,418,362
District's covered payroll	\$ 51,944,906	\$ 54,690,968	\$ 57,482,464	\$ 62,018,121
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	316.40%	323.52%	350.95%	663.38%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%	43.1%

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

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

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT 49
SCHEDULE OF EMPLOYER'S STATUTORY PAYROLL CONTRIBUTIONS AND COVERED PAYROLL
JUNE 30, 2017

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 8,067,044	\$ 8,985,726	\$ 9,961,711	\$ 11,243,885
Contributions in relation to the contractually required contribution	<u>(8,067,044)</u>	<u>(8,985,726)</u>	<u>(9,961,711)</u>	<u>(11,243,885)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 51,944,906	\$ 54,690,968	\$ 57,482,464	\$ 62,018,121
Contributions as a percentage of covered payroll	15.53%	16.43%	17.33%	18.13%

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

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

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT 49
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Property taxes	\$ 28,759,879	\$ 29,741,027	\$ 28,861,515	\$ (879,512)
Specific ownership taxes	3,674,660	3,791,121	4,241,772	450,651
State sources	143,814,179	139,651,720	74,953,911	(64,697,809)
Federal sources	497,291	497,291	428,768	(68,523)
Other local revenue	5,974,313	6,925,972	6,405,848	(520,124)
Total revenues	<u>182,720,322</u>	<u>180,607,131</u>	<u>114,891,814</u>	<u>(65,715,317)</u>
EXPENDITURES				
Instruction	56,866,260	58,329,903	60,986,772	(2,656,869)
Supporting services				
Student support	6,396,816	6,560,211	6,472,212	87,999
Instructional staff	6,530,950	4,344,869	4,833,750	(488,881)
General administration	1,124,301	1,277,515	804,713	472,802
School administration	9,109,322	9,134,400	9,571,887	(437,487)
Business services	1,479,890	1,469,580	1,631,849	(162,269)
Operations and maintenance	9,577,223	9,868,556	11,248,574	(1,380,018)
Student transportation	2,184,913	2,238,763	2,553,999	(315,236)
Central support service	6,018,166	8,630,089	7,329,128	1,300,961
Other support services	2,515	2,515	2,119	396
Community services	-	-	1,860	(1,860)
Facilities acquisition & construction	3,674,453	6,642,818	2,191,577	4,451,241
Debt service	11,316,227	12,585,135	7,670,284	4,914,851
Contingency reserves	1,633,171	213,409	-	213,409
Total expenditures	<u>115,914,207</u>	<u>121,297,763</u>	<u>115,298,724</u>	<u>5,999,039</u>
Excess (deficiency) of revenues over expenditures	<u>66,806,115</u>	<u>59,309,368</u>	<u>(406,910)</u>	<u>(59,716,278)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(66,806,115)	(64,474,459)	(84,008,219)	(19,533,760)
Refunding bond proceeds	-	-	79,615,000	79,615,000
Refunding bond premium	-	-	8,951,301	8,951,301
Total other financing sources (uses)	<u>(66,806,115)</u>	<u>(64,474,459)</u>	<u>4,558,082</u>	<u>69,032,541</u>
Net change in fund balance	-	(5,165,091)	4,151,172	9,316,263
Fund balance - beginning	5,000,000	9,465,781	20,764,521	11,298,740
Fund balance - ending	<u>\$ 5,000,000</u>	<u>\$ 4,300,690</u>	<u>\$ 24,915,693</u>	<u>\$ 20,615,003</u>

See the accompanying independent auditors' report.

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

BUILDING FUND

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

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

EL PASO COUNTY SCHOOL DISTRICT 49
BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES			
Facilities acquisition & construction	\$ 83,500,000	\$ 5,412,698	\$ 78,087,302
Total expenditures	83,500,000	5,412,698	78,087,302
Excess (deficiency) of revenues over expenditures	(83,500,000)	(5,412,698)	78,087,302
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	83,500,000	83,500,000	-
Total other financing sources and (uses)	83,500,000	83,500,000	-
Net change in fund balance	-	78,087,302	78,087,302
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ 78,087,302	\$ 78,087,302

See the accompanying independent auditors' report.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. The District has the following Special Revenue Funds:

Food Service Fund

This fund accounts for all financial activities associated with the District's school lunch program.

Governmental Designated-Purpose Grant Fund

This fund is used to record financial transactions for grants received for designated programs funded by the federal government.

Pupil Activity Fund

This fund is used to record financial transactions related to school-sponsored pupil intra-scholastic and interscholastic athletic and related events. These activities are supported by revenues from pupils, gate receipts and other fund-raising activities.

Transportation Fund

This fund is used to account for revenues from a tax levied or a fee imposed for the purpose of paying excess transportation costs pursuant to the provisions of Sections 22-40-102(1.7)(a) or 22-32-113(5)(a), C.R.S., respectively.

Kids Corner Fund

This fund is a pupil activity fund. It is used to record financial transactions related to the Kids Corner program.

Bond Redemption Fund

This fund is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on long-term general obligation debt or long-term voter-approved lease-purchase debt.

Capital Projects Fund

This fund is used to account for the purposes and limitations specified by Section 22-45-103(1)(c), C.R.S., including the acquisition of sites, buildings, equipment, and vehicles.

EL PASO COUNTY SCHOOL DISTRICT 49
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Food Service Fund	Governmental Designated- Purpose Grants Fund	Pupil Activity Fund	Transportation Fund	Kids Corner Fund	Bond Redemption Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 305,914	\$ -	\$ -	\$ 116,711	\$ 107,466	\$ -	\$ -	\$ 530,091
Restricted cash and cash equivalents	-	-	-	-	-	5,267,156	-	5,267,156
Accounts receivable	-	-	-	165,568	-	-	-	165,568
Grants receivable	202,209	1,020,216	-	-	-	-	-	1,222,425
Taxes receivable	-	-	-	-	-	112,569	-	112,569
Due from other funds	833,162	3,913	361,060	-	-	-	716,114	1,914,249
Inventories	158,317	-	-	-	-	-	-	158,317
Total assets	<u>\$ 1,499,602</u>	<u>\$ 1,024,129</u>	<u>\$ 361,060</u>	<u>\$ 282,279</u>	<u>\$ 107,466</u>	<u>\$ 5,379,725</u>	<u>\$ 716,114</u>	<u>\$ 9,370,375</u>
LIABILITIES								
Accounts payable and other accrued liabilities	\$ 178,757	\$ 136,741	\$ 1,617	\$ -	\$ 239	\$ -	\$ -	\$ 317,354
Accrued salaries and benefits	53,312	174,049	-	61,699	44,350	-	-	333,410
Compensated absences	110	-	-	708	-	-	-	818
Due to other funds	-	-	-	219,872	4,631	236,299	-	460,802
Unearned revenue	-	713,339	-	-	-	-	-	713,339
Total liabilities	<u>232,179</u>	<u>1,024,129</u>	<u>1,617</u>	<u>282,279</u>	<u>49,220</u>	<u>236,299</u>	<u>-</u>	<u>1,825,723</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	-	-	-	-	-	58,722	-	58,722
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,722</u>	<u>-</u>	<u>58,722</u>
FUND BALANCES								
Nonspendable	158,317	-	-	-	-	-	-	158,317
Restricted for:								
Debt service	-	-	-	-	-	5,084,704	-	5,084,704
Committed for:								
Capital Projects	-	-	-	-	-	-	716,114	716,114
Assigned:								
Food Services	1,109,106	-	-	-	-	-	-	1,109,106
Pupil activities	-	-	359,443	-	-	-	-	359,443
Kids Corner	-	-	-	-	58,246	-	-	58,246
Total fund balances	<u>1,267,423</u>	<u>-</u>	<u>359,443</u>	<u>-</u>	<u>58,246</u>	<u>5,084,704</u>	<u>716,114</u>	<u>7,485,930</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,499,602</u>	<u>\$ 1,024,129</u>	<u>\$ 361,060</u>	<u>\$ 282,279</u>	<u>\$ 107,466</u>	<u>\$ 5,379,725</u>	<u>\$ 716,114</u>	<u>\$ 9,370,375</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT 49
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Food Service Fund	Governmental Designated- Purpose Grants Fund	Pupil Activity Fund	Transportation Fund	Kids Corner Fund	Bond Redemption Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES								
Local sources	\$ 1,565,459	\$ 300,368	\$ 846,082	\$ 472,750	\$ 406,347	\$ 4,700,111	\$ 296,569	\$ 8,587,686
State sources	66,055	390,093	-	419,938	-	-	-	876,086
Federal sources	2,074,028	6,007,905	-	-	-	-	-	8,081,933
Total revenues	<u>3,705,542</u>	<u>6,698,366</u>	<u>846,082</u>	<u>892,688</u>	<u>406,347</u>	<u>4,700,111</u>	<u>296,569</u>	<u>17,545,705</u>
EXPENDITURES								
Instruction	-	3,929,051	957,776	-	235,659	-	-	5,122,486
Supporting services	-	2,769,294	27,333	1,235,686	60,980	-	-	4,093,293
Community services	-	21	-	-	74,339	-	-	74,360
Food Service	3,869,434	-	-	-	-	-	-	3,869,434
Debt service	-	-	-	-	-	7,520,171	-	7,520,171
Total expenditures	<u>3,869,434</u>	<u>6,698,366</u>	<u>985,109</u>	<u>1,235,686</u>	<u>370,978</u>	<u>7,520,171</u>	<u>-</u>	<u>20,679,744</u>
Excess (deficiency) of revenues over expenditures	<u>(163,892)</u>	<u>-</u>	<u>(139,027)</u>	<u>(342,998)</u>	<u>35,369</u>	<u>(2,820,060)</u>	<u>296,569</u>	<u>(3,134,039)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in (out)	-	-	165,221	342,998	-	-	-	508,219
Net change in fund balances	(163,892)	-	26,194	-	35,369	(2,820,060)	296,569	(2,625,820)
Fund balances - beginning	<u>1,431,315</u>	<u>-</u>	<u>333,249</u>	<u>-</u>	<u>22,877</u>	<u>7,904,764</u>	<u>419,545</u>	<u>10,111,750</u>
Fund balances - ending	<u>\$ 1,267,423</u>	<u>\$ -</u>	<u>\$ 359,443</u>	<u>\$ -</u>	<u>\$ 58,246</u>	<u>\$ 5,084,704</u>	<u>\$ 716,114</u>	<u>\$ 7,485,930</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT 49
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ 1,804,955	\$ 1,565,459	\$ (239,496)
State sources	24,253	66,055	41,802
Federal sources	1,606,979	2,074,028	467,049
Total revenues	<u>3,436,187</u>	<u>3,705,542</u>	<u>269,355</u>
EXPENDITURES			
Salaries	1,235,572	1,226,734	8,838
Employee benefits	374,428	372,518	1,910
Purchased services	148,465	268,835	(120,370)
Supplies	1,577,319	1,890,928	(313,609)
Equipment	741	798	(57)
Other	117,131	9,621	107,510
Indirect costs	86,825	100,000	(13,175)
Contingency reserve	124,706	-	124,706
Total expenditures	<u>3,665,187</u>	<u>3,869,434</u>	<u>(204,247)</u>
Net change in fund balances	(229,000)	(163,892)	65,108
Fund balances - beginning	<u>1,431,315</u>	<u>1,431,315</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 1,202,315</u></u>	<u><u>\$ 1,267,423</u></u>	<u><u>\$ 65,108</u></u>

See the accompanying independent auditor's report

EL PASO COUNTY SCHOOL DISTRICT 49
GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ 276,194	\$ 300,368	\$ 24,174
State sources	410,323	390,093	(20,230)
Federal sources	9,313,483	6,007,905	(3,305,578)
Total revenues	<u>10,000,000</u>	<u>6,698,366</u>	<u>(3,301,634)</u>
EXPENDITURES			
Salaries	7,293,552	3,415,154	3,878,398
Benefits	1,398,141	1,046,606	351,535
Purchased Services	1,760,086	1,462,362	297,724
Supplies	(818,619)	470,114	(1,288,733)
Property and Equipment	250,645	258,661	(8,016)
Other	116,195	45,469	70,726
Total expenditures	<u>10,000,000</u>	<u>6,698,366</u>	<u>3,301,634</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditor's report

EL PASO COUNTY SCHOOL DISTRICT 49
PUPIL ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ 905,405	\$ 846,082	\$ (59,323)
Total revenues	905,405	846,082	(59,323)
EXPENDITURES			
Instruction	1,173,942	957,776	216,166
Supporting services			
Student support	25,752	21,010	4,742
Instructional staff	7,750	6,323	1,427
Total expenditures	1,207,444	985,109	222,335
Excess (deficiency) in revenues over expenditures	(302,039)	(139,027)	163,012
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	165,221	165,221
Net change in fund balance	(302,039)	26,194	328,233
Fund balance - beginning	399,877	333,249	(66,628)
Fund balance - ending	\$ 97,838	\$ 359,443	\$ 261,605

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT 49
TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	\$ 314,700	\$ 472,438	\$ 157,738
State revenue	462,000	419,938	(42,062)
Interest	-	312	312
	<u>776,700</u>	<u>892,688</u>	<u>115,988</u>
EXPENDITURES			
Salaries	619,285	625,056	(5,771)
Employee benefits	411,993	407,215	4,778
Purchased services	3,000	-	3,000
Fuel charges	201,408	203,052	(1,644)
Other expenses	-	363	(363)
	<u>1,235,686</u>	<u>1,235,686</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(458,986)</u>	<u>(342,998)</u>	<u>115,988</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>458,986</u>	<u>342,998</u>	<u>(115,988)</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT 49
KIDS CORNER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ 360,000	\$ 406,347	\$ 46,347
Total revenues	360,000	406,347	46,347
EXPENDITURES			
Instruction	236,308	235,659	649
Supporting services			
School administration	21,354	21,295	59
Business services	2,206	2,200	6
Operations and maintenance	36,299	36,199	100
Central	1,290	1,286	4
Community service	74,544	74,339	205
Total expenditures	372,000	370,978	1,022
Excess (deficiency) in revenues over expenditures	(12,000)	35,369	47,369
Net change in fund balance	(12,000)	35,369	47,369
Fund balance - beginning	21,241	22,877	1,636
Fund balance - ending	\$ 9,241	\$ 58,246	\$ 49,005

See the accompanying independent auditor's report

EL PASO COUNTY SCHOOL DISTRICT 49
BOND REDEMPTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 4,839,768	\$ 4,699,399	\$ (140,369)
Interest	10,000	712	(9,288)
Total revenues	<u>4,849,768</u>	<u>4,700,111</u>	<u>(149,657)</u>
EXPENDITURES			
Debt Service			
Principal retirement	7,411,843	7,345,000	66,843
Interest and fiscal charges	108,328	175,171	(66,843)
Total expenditures	<u>7,520,171</u>	<u>7,520,171</u>	<u>-</u>
Net change in fund balance	(2,670,403)	(2,820,060)	(149,657)
Fund balance - beginning	<u>7,904,764</u>	<u>7,904,764</u>	<u>-</u>
Fund balance - ending	<u>\$ 5,234,361</u>	<u>\$ 5,084,704</u>	<u>\$ (149,657)</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT 49
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Other local revenue	\$ 165,000	\$ 296,569	\$ 131,569
Total revenues	165,000	296,569	131,569
EXPENDITURES			
Facilities acquisition & construction	100,000	-	100,000
Total expenditures	100,000	-	100,000
Net change in fund balance	65,000	296,569	231,569
Fund balance - beginning	419,545	419,545	-
Fund balance - ending	\$ 484,545	\$ 716,114	\$ 231,569

See the accompanying independent auditors' report.

INTERNAL SERVICE FUND

Internal service funds account for operations that provide services to other departments or agencies of the government on a cost-reimbursement basis.

Risk Management Fund

This fund accounts for the Health Insurance Fund risk management activities of the District.

**EL PASO COUNTY SCHOOL DISTRICT 49
RISK MANAGEMENT - HEALTH INSURANCE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Premiums & employer contributions	\$ 8,615,860	\$ 8,803,530	\$ 187,670
Refunds & other revenue	100,000	(6,187)	(106,187)
Total operating revenues	<u>8,715,860</u>	<u>8,797,343</u>	<u>81,483</u>
OPERATING EXPENSES			
Purchased medical services & supplies	7,358,340	7,824,042	(465,702)
Purchased management services	1,550,000	1,524,985	25,015
Contingency reserve	150,000	-	150,000
Total operating expenses	<u>9,058,340</u>	<u>9,349,027</u>	<u>(290,687)</u>
Operating income (loss)	<u>(342,480)</u>	<u>(551,684)</u>	<u>(209,204)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	-	17,146	17,146
Total non-operating revenue (expenses)	<u>-</u>	<u>17,146</u>	<u>17,146</u>
Change in net position	(342,480)	(534,538)	(192,058)
Net position - beginning	<u>1,713,136</u>	<u>2,055,615</u>	<u>342,479</u>
Net position - ending	<u>\$ 1,370,656</u>	<u>\$ 1,521,077</u>	<u>\$ 150,421</u>

See the accompanying independent auditors' report.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private and student groups. The District has the following Fiduciary Funds:

Private-Purpose Trust Fund

Scholarship Fund: This fund is used to record financial transactions where both the principal and revenues earned on that principal may be expended for purposes designated by the trust agreement.

Agency Fund

Pupil Activity Fund: This fund was created to act as custodian for various student groups and activity funds.

**EL PASO COUNTY SCHOOL DISTRICT 49
PRIVATE-PURPOSE TRUST FUND - SCHOLARSHIP FUND
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	Final Budget	Actual	Variance Favorable (Unfavorable)
ADDITIONS			
Fundraising activities	\$ 200	\$ 535	\$ 335
Total additions	200	535	335
DEDUCTIONS			
Scholarships awarded	6,133	1,000	5,133
Total deductions	6,133	1,000	5,133
Change in net position	(5,933)	(465)	5,468
Net position - beginning	6,133	6,133	-
Net position - ending	<u>\$ 200</u>	<u>\$ 5,668</u>	<u>\$ 5,468</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT 49
AGENCY FUND - PUPIL ACTIVITY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance 06/30/16</u>	<u>Additions/ Revenues</u>	<u>Deletions/ Expenditures</u>	<u>Balance 06/30/17</u>
ASSETS				
Cash and cash equivalents	\$ 859,041	\$ 1,832,318	\$ 2,010,510	\$ 680,849
Receivable from primary government	<u>-</u>	<u>114,692</u>	<u>-</u>	<u>114,692</u>
Total assets	<u><u>\$ 859,041</u></u>	<u><u>\$ 1,947,010</u></u>	<u><u>\$ 2,010,510</u></u>	<u><u>\$ 795,541</u></u>
LIABILITIES				
Accounts payable	\$ 11,985	\$ 56,761	\$ 11,985	\$ 56,761
Payable to primary government	128,112	-	128,112	-
Due to student organizations	<u>718,944</u>	<u>1,890,249</u>	<u>1,870,413</u>	<u>738,780</u>
Total liabilities	<u><u>\$ 859,041</u></u>	<u><u>\$ 1,947,010</u></u>	<u><u>\$ 2,010,510</u></u>	<u><u>\$ 795,541</u></u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT 49
 AGENCY FUND - PUPIL ACTIVITY
 SCHEDULE OF CHANGES IN DUE TO STUDENT ORGANIZATIONS
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017**

	Final Budget	Actual	Variance Favorable/ (Unfavorable)
ADDITIONS			
Pupil Activities	\$ 2,594,595	\$ 1,890,249	\$ (704,346)
DEDUCTIONS			
Pupil Activities	2,292,556	1,870,413	422,143
Change in Due to Student Organizations	302,039	19,836	(282,203)
Due to student organizations - beginning	821,886	718,944	(102,942)
Due to student organizations - ending	<u>\$ 1,123,925</u>	<u>\$ 738,780</u>	<u>\$ (385,145)</u>

See the accompanying independent auditors' report.

Statistical Section



Financial Trends - The schedules on pages 73-76 contain financial trend information to help the reader understand how the District's financial condition has changed over time.

Revenue Capacity - Pages 77-80 contain information to help the reader assess the District's most significant local revenue source, property taxes.

Debt Capacity - Pages 81-85 present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information - Pages 86-87 offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information - Pages 88-95 contain service data to help the reader understand how the information in the Districts' financial report relates to the services the District provides and the activities it performs.

EL PASO COUNTY SCHOOL DISTRICT 49
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Net investment in capital assets	\$ 51,925,850	\$ 62,586,945	\$ 51,041,127	\$ 37,296,989	\$ 35,029,181	\$ 32,761,303	\$ 30,964,957	\$ 28,864,346	\$ 29,971,517	\$ 29,439,037
Restricted	21,459,232	19,023,043	26,707,696	33,118,602	31,302,846	29,538,781	27,481,494	26,765,444	23,249,963	20,342,432
Unrestricted	(229,847,034)	(163,732,245)	(155,030,642)	9,606,890	9,883,219	14,306,890	11,552,181	9,402,720	9,897,606	11,542,753
Total governmental activities net position	<u>(156,461,952)</u>	<u>(82,122,257)</u>	<u>(77,281,819)</u>	<u>80,022,481</u>	<u>76,215,246</u>	<u>76,606,974</u>	<u>69,998,631</u>	<u>65,032,510</u>	<u>63,119,086</u>	<u>61,324,222</u>
Business-type activities										
Net investment in capital assets	-	-	-	103,691	121,007	280,820	342,141	378,298	420,224	406,816
Unrestricted	-	-	-	1,126,991	1,061,370	956,988	664,202	799,412	862,500	977,269
Total business-type activities in net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,230,682</u>	<u>1,182,377</u>	<u>1,237,808</u>	<u>1,006,343</u>	<u>1,177,710</u>	<u>1,282,724</u>	<u>1,384,085</u>
Primary government										
Net investment in capital assets	51,925,850	62,586,945	51,041,127	37,400,680	35,150,188	33,042,123	31,307,098	29,242,644	30,391,741	29,845,853
Restricted	21,459,232	19,023,043	26,707,696	33,118,602	31,302,846	29,538,781	27,481,494	26,765,444	23,249,963	20,342,432
Unrestricted	(229,847,034)	(163,732,245)	(155,030,642)	10,733,881	10,944,589	15,263,878	12,216,383	10,202,132	10,760,106	12,520,022
Total primary government net position	<u>\$ (156,461,952)</u>	<u>\$ (82,122,257)</u>	<u>\$ (77,281,819)</u>	<u>\$ 81,253,163</u>	<u>\$ 77,397,623</u>	<u>\$ 77,844,782</u>	<u>\$ 71,004,974</u>	<u>\$ 66,210,220</u>	<u>\$ 64,401,810</u>	<u>\$ 62,708,307</u>

Source: District Financial Records

EL PASO COUNTY SCHOOL DISTRICT 49

Changes in Net Position
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities										
Instruction	\$ 116,929,506	\$ 73,810,829	\$ 69,436,074	\$ 60,020,821	\$ 54,910,864	\$ 51,047,331	\$ 55,647,733	\$ 56,308,429	\$ 54,279,772	\$ 48,416,643
Supporting services	81,426,966	55,862,491	51,860,340	44,941,313	39,933,659	35,074,259	37,538,903	39,980,941	45,913,039	39,198,688
Community services	76,220	3,110	2,309	558	5,230	-	-	-	-	-
Facilitates acquisition & construction	4,238,269	2,313,108	1,555,578	956,249	3,921,201	-	-	-	-	-
Food services	3,869,435	3,450,685	3,563,638	-	-	-	-	-	-	-
Interest on long-term debt	6,326,064	4,957,824	5,940,860	5,711,616	6,124,842	6,477,776	6,723,785	6,966,032	8,620,387	8,154,209
Total governmental activities expenses	212,866,460	140,398,047	132,358,799	111,630,557	104,895,796	92,599,366	99,910,421	103,255,402	108,813,198	95,769,540
Business -type activities:										
Food services	-	-	-	3,544,264	3,545,394	3,315,431	3,622,951	3,295,282	3,190,818	2,778,049
Total business-type expenses	-	-	-	3,544,264	3,545,394	3,315,431	3,622,951	3,295,282	3,190,818	2,778,049
Total primary government expenses	212,866,460	140,398,047	132,358,799	115,174,821	108,441,190	95,914,797	103,533,372	106,550,684	112,004,016	98,547,589
Program revenues										
Governmental activities										
Charges for services: Instruction	1,811,590	2,996,028	2,687,910	3,426,721	1,643,086	641,917	641,917	641,918	621,648	689,330
Charges for services: Other	11,722,420	11,029,543	10,787,460	7,605,632	7,488,191	2,417,556	2,358,910	2,253,656	1,655,446	1,213,647
Operating grants and contributions	17,271,849	15,591,007	14,378,042	10,912,740	9,750,503	8,056,987	13,020,420	9,319,463	7,596,128	6,102,382
Capital grants and contributions	1,775,996	704,005	2,835,468	175,389	69,801	55,152	52,088	121,411	-	9,192,240
Total governmental activities program revenues	32,581,855	30,320,583	30,688,880	22,120,482	18,951,581	11,171,612	16,073,335	12,336,448	9,873,222	17,197,599
Business -type activities										
Food services										
Charges for services	-	-	-	1,783,467	1,912,878	2,004,711	2,007,984	1,920,802	1,955,016	1,950,550
Operating grants and contributions	-	-	-	1,804,446	1,712,285	1,535,564	1,435,405	1,252,180	1,097,657	821,234
Total business-type activities program revenues	-	-	-	3,587,913	3,625,163	3,540,275	3,443,389	3,172,982	3,052,673	2,771,784
Total primary government program revenues	32,581,855	30,320,583	30,688,880	25,708,395	22,576,744	14,711,887	19,516,724	15,509,430	12,925,895	19,969,383
Net (expense) revenue										
Governmental activities	(180,284,605)	(110,077,464)	(101,669,919)	(89,510,075)	(85,944,215)	(81,427,754)	(83,837,086)	(90,918,954)	(98,939,976)	(78,571,941)
Business -type activities	-	-	-	43,649	79,769	224,844	(179,562)	(122,300)	(138,145)	(6,265)
Total primary government net (expense) revenue	(180,284,605)	(110,077,464)	(101,669,919)	(89,466,426)	(85,864,446)	(81,202,910)	(84,016,648)	(91,041,254)	(99,078,121)	(78,578,206)
General revenues										
Governmental activities										
Property taxes		33,364,551	25,822,318	27,517,073	27,217,408	27,181,450	28,713,973	28,958,125	29,881,835	28,359,508
Specific ownership taxes		3,676,411	2,762,983	2,737,200	2,447,418	2,476,004	2,467,992	2,607,142	3,115,704	3,169,869
State equalization		65,914,912	71,655,103	61,879,292	58,587,096	57,265,290	55,421,452	60,892,967	66,905,895	59,948,169
Investment earnings		84,202	36,042	43,126	76,283	63,377	71,399	105,569	513,820	2,269,789
Miscellaneous revenues		474,011	414,377	475,430	349,305	1,049,976	2,128,391	289,318	317,586	1,901,364
Total governmental activities	-	103,514,087	100,690,823	92,652,121	88,677,510	88,036,097	88,803,207	92,853,121	100,734,840	95,648,699
Business-type activities										
Investment earnings		-	-	4,656	6,406	6,621	8,194	17,287	36,784	-
Miscellaneous revenues		-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	4,656	6,406	6,621	8,194	17,287	36,784	-
Total primary government	-	103,514,087	100,690,823	92,656,777	88,683,916	88,042,718	88,811,401	92,870,408	100,771,624	95,648,699
Transfers										
Governmental activities		-	-	665,189	-	-	-	-	-	-
Business-type activities		-	-	-	-	-	-	-	-	-
Changes in net position										
Governmental activities		(3,563,377)	(979,096)	3,807,235	2,733,295	6,608,343	4,966,121	1,934,167	1,794,864	17,076,758
Prior period adjustment		-	-	-	(3,266,628)	-	-	(20,743)	-	-
Business-type activities		-	-	48,305	86,175	231,465	(171,368)	(105,013)	(101,361)	(6,265)
Total primary government	\$ -	\$ (3,563,377)	\$ (979,096)	\$ 3,855,540	\$ (447,158)	\$ 6,839,808	\$ 4,794,753	\$ 1,808,411	\$ 1,693,503	\$ 17,070,493

Source: District Financial Records

EL PASO COUNTY SCHOOL DISTRICT 49
Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Nonspendable		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	16,392,528	11,118,279	10,929,805	18,477,589	17,511,950	16,593,550	15,476,154	13,953,894	12,723,986	11,139,954
Committed	8,399,319	7,639,917	7,311,636	5,926,591	7,059,744	7,088,293	5,447,032	186,246	-	-
Unassigned	123,846	2,006,325	2,658,563	1,442,415	968,551	4,850,061	4,291,762	7,424,523	9,432,871	12,076,994
Total general fund	<u>24,915,693</u>	<u>20,764,521</u>	<u>20,900,004</u>	<u>25,846,595</u>	<u>25,540,245</u>	<u>28,531,904</u>	<u>25,214,948</u>	<u>21,564,663</u>	<u>22,156,857</u>	<u>23,216,948</u>
All other governmental funds										
Nonspendable	158,317	183,162	196,826	-	-	-	-	-	-	-
Restricted	5,087,704	7,904,764	15,777,891	14,641,013	13,790,896	12,945,231	12,005,340	12,625,304	14,372,047	17,711,456
Committed	78,803,416	1,604,279	1,996,455	792,753	393,797	357,732	688,309	-	-	-
Assigned	1,526,795	419,545	160,020	112,581	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	1,006,106	-	-
Total all other governmental funds	<u>85,576,232</u>	<u>10,111,750</u>	<u>18,131,192</u>	<u>15,546,347</u>	<u>14,184,693</u>	<u>13,302,963</u>	<u>12,693,649</u>	<u>13,631,410</u>	<u>14,372,047</u>	<u>17,711,456</u>
Total governmental funds	<u>110,491,925</u>	<u>30,876,271</u>	<u>39,031,196</u>	<u>41,392,942</u>	<u>39,724,938</u>	<u>41,834,867</u>	<u>37,908,597</u>	<u>35,196,073</u>	<u>36,528,904</u>	<u>40,928,404</u>

Source: District Financial Records

EL PASO COUNTY SCHOOL DISTRICT 49
Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Local sources	\$ 48,276,157	\$ 45,351,070	\$ 35,283,456	\$ 35,954,331	\$ 33,884,059	\$ 34,392,745	\$ 36,760,783	\$ 35,100,024	\$ 33,321,188	\$ 31,079,537
State sources	75,829,997	73,529,158	78,220,600	67,010,620	62,636,526	60,826,416	58,862,469	64,461,633	74,502,023	68,320,340
Federal sources	8,510,701	7,341,539	6,920,031	5,010,456	4,429,055	4,317,990	9,371,883	5,697,502	2,594,680	3,804,341
Total revenues	<u>132,616,855</u>	<u>126,221,767</u>	<u>120,424,087</u>	<u>107,975,407</u>	<u>100,949,640</u>	<u>99,537,151</u>	<u>104,995,135</u>	<u>105,259,159</u>	<u>110,417,891</u>	<u>103,204,218</u>
Expenditures										
Instruction	66,288,594	62,578,937	57,030,514	54,269,244	48,919,131	47,413,220	49,557,020	51,246,285	48,430,943	45,696,300
Supporting services	48,541,524	43,620,742	39,810,635	38,253,961	36,411,011	33,502,268	36,258,829	37,884,658	34,480,640	31,307,588
Community services	76,220	3,110	2,309	1,501	1,066	-	-	-	-	-
Facilities acquisition and construction	7,604,275	2,292,721	5,182,557	1,023,064	3,962,620	1,841,777	2,520,500	2,903,022	6,703,289	39,322,887
Food service	3,869,434	3,450,686	3,563,638	-	-	-	-	-	-	-
Charter schools	-	-	-	-	-	-	-	-	10,317,341	7,656,621
Debt service	15,190,455	10,927,333	13,830,071	13,722,953	13,765,741	13,952,248	14,364,714	14,276,686	14,885,178	13,578,861
Total expenditures	<u>141,570,502</u>	<u>122,873,529</u>	<u>119,419,724</u>	<u>107,270,723</u>	<u>103,059,569</u>	<u>96,709,513</u>	<u>102,701,063</u>	<u>106,310,651</u>	<u>114,817,391</u>	<u>137,562,257</u>
Excess of revenues over (under) expenditures	(8,953,647)	3,348,238	1,004,363	704,684	(2,109,929)	2,827,638	2,294,072	(1,051,492)	(4,399,500)	(34,358,039)
Other financing sources (uses)										
Transfers in	-	(420,884)	-	-	-	567,738	605,662	2,722,344	2,715,782	2,571,002
Transfers out	-	420,844	-	902,055	-	(1,200,299)	(605,662)	(2,722,344)	(2,715,782)	(2,571,002)
Capital lease proceeds	-	-	-	-	-	1,731,193	418,452	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	(19,472,793)	-	-	-	-	-	-	-	-
Payments to escrow agent	-	-	(85,197,394)	(3,592,625)	-	-	-	-	-	-
Refunding bond proceeds	79,615,000	8,780,000	74,313,571	3,470,000	-	-	-	-	-	39,725,000
Premium on bond issued	8,951,301	-	6,353,565	183,890	-	-	-	-	-	1,110,772
Total other financing sources (uses)	<u>88,566,301</u>	<u>(10,692,833)</u>	<u>(4,530,258)</u>	<u>963,320</u>	<u>-</u>	<u>1,098,632</u>	<u>418,452</u>	<u>-</u>	<u>-</u>	<u>40,835,772</u>
Net change in fund balances	<u>\$ 79,612,654</u>	<u>\$ (7,344,595)</u>	<u>\$ (3,525,895)</u>	<u>\$ 1,668,004</u>	<u>\$ (2,109,929)</u>	<u>\$ 3,926,270</u>	<u>\$ 2,712,524</u>	<u>\$ (1,051,492)</u>	<u>\$ (4,399,500)</u>	<u>\$ 6,477,733</u>
Debt services as a percentage of noncapital expenditures	11.3%	9.1%	12.1%	12.9%	13.9%	14.7%	14.3%	13.8%	13.8%	13.8%

Source: District Financial Records

EL PASO COUNTY SCHOOL DISTRICT 49
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Assessment Year	Collection Year	Residential Property	Commercial Property	Industrial, Agricultural, And Natural Resources	State Assessed, Vacant Land, and Other	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessment Rates		
									Taxable Assessed Value as a Percentage of Actual Value	Residential	All others
2016	2017	543,363,800	160,323,070	12,986,880	65,498,680	782,172,430	44.417	7,652,257,611	10.22%	7.96%	29.00%
2015	2016	518,510,430	157,253,610	11,800,340	64,408,090	751,972,470	44.635	7,318,389,792	10.28%	7.96%	29.00%
2014	2015	462,675,840	152,800,100	11,201,630	63,046,990	689,724,560	45.796	6,594,766,136	10.46%	7.96%	29.00%
2013	2014	442,234,860	147,150,700	11,405,580	63,806,180	664,597,320	45.617	6,321,813,966	10.51%	7.96%	29.00%
2012	2013	442,006,450	147,353,840	10,877,810	63,479,710	663,717,810	45.585	6,317,740,713	10.51%	7.96%	29.00%
2011	2012	432,478,460	147,318,740	11,351,400	67,345,580	658,494,180	45.842	6,212,889,184	10.60%	7.96%	29.00%
2010	2011	461,396,340	154,956,330	12,102,310	75,483,300	703,938,280	45.792	6,632,924,756	10.61%	7.96%	29.00%
2009	2010	453,376,890	154,508,260	12,519,520	79,205,910	699,610,580	45.572	6,544,920,650	10.69%	7.96%	29.00%
2008	2009	431,314,820	132,287,440	12,953,120	79,969,530	656,524,910	45.674	6,195,485,589	10.60%	7.96%	29.00%
2007	2008	412,599,750	116,095,780	11,106,720	80,226,220	620,028,470	45.795	5,899,026,417	10.51%	7.96%	29.00%

Source: El Paso County Treasurer's office

EL PASO COUNTY SCHOOL DISTRICT 49
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Taxing Authority	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
El Paso County School District 49										
General Fund	24.459	24.459	24.459	24.459	24.459	24.459	24.459	24.459	24.459	24.459
Mill Levy Override	13.756	9.800	9.800	9.800	9.800	9.800	9.800	9.800	9.800	9.800
Abatement ⁽¹⁾	0.222	0.217	0.325	0.146	0.114	0.371	0.321	0.101	0.203	0.324
Bond Fund	5.98	10.159	11.212	11.212	11.212	11.212	11.212	11.212	11.212	11.212
Total for El Paso County School District 49	44.417	44.635	45.796	45.617	45.585	45.842	45.792	45.572	45.674	45.795
City Of Colorado Springs										
City Of Colorado Springs	4.279	4.279	4.279	4.279	4.279	4.279	4.279	4.944	4.944	4.944
El Paso County										
El Paso County	7.919	7.791	7.714	7.663	7.762	7.882	7.531	7.748	7.514	7.710
Fire Districts										
Black Forest	10.178	10.237	10.356	10.382	10.379	10.406	6.275	6.322	6.444	6.600
Cimarron Hills	15.286	15.286	15.290	14.390	11.390	12.150	11.110	11.110	11.082	11.110
Falcon	8.612	8.612	8.612	8.612	8.612	8.612	5.712	5.712	5.712	5.712
Elbert	8.500	8.500	4.575	4.575	4.575	4.575	4.575	4.575	4.575	4.575
Ellicott	9.850	9.760	10.220	10.290	10.168	9.999	9.319	9.374	9.116	4.354
Water Districts										
Up Blk Sqrll GW	1.063	1.057	1.082	1.082	1.082	1.082	1.082	0.682	0.682	0.682
Sanitation water districts										
Westmoor SWD	36.836	34.943	41.288	34.956	37.471	35.508	30.986	29.055	33.07	31.423
Special Districts										
Barnes & Pow N BID	50.000	50.000	47.000	45.000	43.000	41.000	36.000	41.000	51.000	51.000
Barnes & Pow S BID	21.000	21.000	21.000	21.000	21.000	21.000	21.000	28.336	28.336	28.336
EPC PID #2	10.000	10.000	10.000	10.000						
First & Main BID	51.000	51.000	51.000	51.000	51.000	51.000	51.000	51.000	51.000	1.000
First & Main BID #2	51.000	51.000	51.000	51.000	51.000	51.000	51.000	51.000		
First & Main North BID	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	36.000
Stetson Hills SIMD	3.858	3.858	3.858	3.858	3.858	3.858	3.858	3.858	3.858	3.858
Metropolitan Districts										
4-Way Ranch #1	60.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000
Ban Lewis Ranch #2	45.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	40.000
Ban Lewis Ranch #3	50.000	50.000	50.000	50.000						
Ban Lewis Ranch Reg	10.000	10.000	10.000	10.000	10.000	10.000				
Bent Grass	35.000	35.000	30.000	30.000	10.000	10.000	40.000	40.000	40.000	
Bobcat Meadows	11.430	11.430	11.430	11.430	11.430	11.430	11.430	11.430	11.464	11.464
Central Marksheffel	30.000	30.000	30.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000
Constitution Heights MD	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000
Dublin North #2	40.000	40.000	40.000	40.000	40.000					
Falcon Highlands	35.000	35.000	35.000	35.000	35.216	35.000	35.000	35.000	35.000	35.000
Latigo Creek	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	40.000	
Meridian Ranch	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000
Paintbrush Hills	18.063	22.107	22.107	22.107	22.107	22.107	22.107	22.408	22.408	22.408
Sterling Ranch #1	50.000	50.000								
Sterling Ranch #2	50.000	50.000	60.000							
Sterling Ranch #3	50.000	50.000	60.000							
Stetson Ridge #2	24.472	24.472	24.472	24.472	24.472	24.472	24.472	24.472	32.114	24.472
Stetson Ridge #3	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000
Woodmen Heights #2	40.000	42.000	42.000	42.000	42.000	40.000	40.000	40.000	40.000	40.000
Woodmen Heights #3	40.000	42.000	42.000	42.000	42.000	40.000	40.000	40.000	40.000	40.000
Woodmen Road	10.800	10.800	10.800	10.800	10.800	10.800	10.800	10.800	10.800	10.800

Source: El Paso County Abstract of Assessments

Notes:

⁽¹⁾ Colorado Revised Statutes Require that districts shall levy, in the next fiscal year, the mill levy that is necessary to recoup property tax abatements granted after the mill levy is certified for the fiscal year.

Overlapping rates are those of local and county governments that apply to property owners within El Paso County School District 49.

Not all overlapping rates apply to all District property owners. The rates for special districts apply only to the proportion of the government's property owners whose property is located.

EL PASO COUNTY SCHOOL DISTRICT 49
Principal Property Taxpayers
Current Year and Nine Years Ago

	2017			2008		
	Assessed Valuation	Rank	% of Total Valuation	Assessed Valuation	Rank	% of Total Valuation
First & Main LLC	12,617,060	1	1.68%	9,141,820	1	1.81%
Mountain View Electric Assn Inc	7,589,430	2	1.01%			
Barnes & Powers North #1 LLC	5,660,010	3	0.75%			
St Francis Land Company LLC	5,249,960	4	0.70%			
First & Main North #1 LLC	4,756,660	5	0.63%	2,597,250	4	0.51%
HR Briargate LLC	4,093,640	6	0.54%			
First & Main South #1 LLC	4,073,430	7	0.54%	3,984,860	2	0.79%
Public Service Company of Colorado	3,990,810	8	0.53%			
Costco Wholesale Corp	3,761,160	9	0.50%			
Wal-Mart Real Estate	3,222,680	10	0.43%			
Target Corporation				3,360,350	3	0.67%
Lowes HIW Inc				2,376,880	5	0.47%
SRPC No 1 LLC				2,144,720	6	0.43%
Catholic Health Initiatives				1,882,610	7	0.37%
Dillion Companies Inc				1,800,520	8	0.36%
Stetson Ridge Associates LTD				1,546,270	9	0.31%
Woodford Manufacturing Co				1,416,600	10	0.28%
Totals	<u>\$55,014,840</u>		7.32%	<u>30,251,880</u>		6.00%
Total Assessed Valuation	\$751,972,470			504,523,250		

Source: El Paso County Assessor's Office

EL PASO COUNTY SCHOOL DISTRICT 49
Property Tax Levies and Collections
Last Ten Fiscal Years

Assessment Year	Collection Year	Collected within the Calendar Year of the Levy			Collections in Subsequent Years	Total Collection to Date	
		Current Tax Levy	Amount	Percentage of Levy		Amount	Percentage of Levy
2016	2017	34,783,165	34,480,628	99.1%	24,214	34,504,843	99.2%
2015	2016	33,564,299	33,496,436	99.8%	(121,885)	33,374,551	99.4%
2014	2015	31,586,636	31,467,474	99.6%	(1,404)	31,466,070	99.6%
2013	2014	30,316,945	30,226,286	99.7%	(88,023)	30,138,263	99.4%
2012	2013	30,255,576	30,209,654	99.8%	(45,554)	30,164,100	99.7%
2011	2012	30,186,698	30,111,476	99.8%	9,213	30,120,689	99.8%
2010	2011	32,234,742	32,114,254	99.6%	9,213	32,123,467	99.7%
2009	2010	31,882,655	31,621,374	99.2%	10,499	31,631,873	99.2%
2008	2009	29,986,124	29,861,565	99.6%	44,120	29,905,686	99.7%
2007	2008	28,394,203	28,264,468	99.5%	(20,023)	28,244,445	99.5%
2006	2007	22,979,518	22,938,055	99.8%	(170,077)	22,767,978	99.1%

Source: El Paso Country Treasurer's Office

2017 collections are from January 1 to August 31. Additional taxes will be collected from September 1 to December 31

Collections in Subsequent years includes delinquent tax collections, interest, penalties and abatements

EL PASO COUNTY SCHOOL DISTRICT 49
 Legal Debt Margin
 Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Assessed valuation	783,104,780	751,972,470	689,724,560	664,597,320	663,717,810	658,494,180	703,938,280	699,610,580	656,524,910	620,028,470
Debt Limit	156,620,956	150,394,494	137,944,912	132,919,464	132,743,562	131,698,836	140,787,656	139,922,116	131,304,982	124,005,694
Total net debt applicable to limit	4,960,000	12,305,000	26,020,000	31,300,002	36,430,000	41,085,000	45,085,000	47,935,000	50,630,000	53,150,000
Legal debt margin	151,660,956	138,089,494	111,924,912	101,619,462	96,313,562	90,613,836	95,702,656	91,987,116	80,674,982	70,855,694
Total net debt applicable to the limit as a percentage of debt limit	3.17%	8.18%	18.86%	23.55%	27.44%	31.20%	32.02%	34.26%	38.56%	42.86%

Source: El Paso County Assessor's Office, District Financial Records

EL PASO COUNTY SCHOOL DISTRICT 49
Ratio of General Bonded Debt to Estimated Actual Taxable Value and Bonded Debt Per Capita
Last Ten Fiscal Years

Assessment Year	Collection Year	Estimated Actual Taxable Value	General Bonded Debt	Ratio of General Bonded Debt to Estimated Actual Taxable Value	Population	Net Bonded Debt per Capita
2016	2017	7,652,257,611	4,960,000	0.06%	87,835	56
2015	2016	7,318,389,792	12,305,000	0.17%	85,144	145
2014	2015	6,594,766,136	26,020,000	0.39%	82,536	315
2013	2014	6,321,813,966	31,300,002	0.50%	80,008	391
2012	2013	6,317,740,713	36,430,000	0.58%	77,006	473
2011	2012	6,212,889,184	41,085,000	0.66%	72,955	563
2010	2011	6,632,924,756	45,085,000	0.68%	81,868	551
2009	2010	6,544,920,650	47,935,000	0.73%	75,517	635
2008	2009	6,195,485,589	50,630,000	0.82%	75,323	672

Sources: El Paso County Assessor's Office and Department of Local Affairs, Demography Section, Housing and Households

Note: The population number for 2015 and 2016 are estimated based on prior years growth.

EL PASO COUNTY SCHOOL DISTRICT 49
Ratio of Annual Debt Service Expenditures for General Bonded Debt to General Fund Expenditures
Last Ten Fiscal Years

Fiscal Year	Annual Debt Service Expenditures for General Bonded Debt	Total General Fund Expenditures	Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures
2017	5,412,698	115,478,060	4.7%
2016	4,787,504	107,098,324	4.5%
2015	6,593,584	102,261,369	6.4%
2014	6,616,242	92,931,241	7.1%
2013	6,571,172	91,726,364	7.2%
2012	6,513,976	85,058,389	7.7%
2011	6,466,879	89,249,494	7.2%
2010	6,387,174	89,626,080	7.1%
2009	6,276,634	97,308,429	6.5%
2008	5,668,136	88,884,590	6.4%
2007	5,776,100	70,668,163	8.2%

Source: District Financial Records

EL PASO COUNTY SCHOOL DISTRICT 49
Ratio of Outstanding Debt By Type
Last Ten Fiscal Years

Fiscal Year	General				Population	Per Capita	Aggregate Income	Percentage		
	Obligation Bonds	Certificates of Participation	Capital Leases	Total Primary Government				of Aggregate Income	Funded Pupil Count	Total Debt per Pupil
2017	4,960,000	146,255,000	3,826,291	155,041,291	87,835	1,765	2,482,973,810	6.24%	21,744	7,130
2016	12,305,000	68,345,000	4,049,924	84,699,924	85,144	995	2,443,871,861	3.47%	21,839	3,878
2015	26,020,000	70,575,000	4,521,429	101,116,429	82,536	1,225	2,405,385,690	4.20%	20,223	5,000
2014	31,300,002	79,945,000	1,751,960	112,996,962	80,008	1,412	2,367,505,600	4.77%	18,279	6,182
2013	36,430,000	82,170,000	2,341,188	120,941,188	77,006	1,571	2,347,809,100	5.15%	14,573	8,299
2012	41,085,000	84,215,000	3,333,903	128,633,903	72,955	1,763	2,086,545,800	6.16%	14,284	9,006
2011	45,085,000	86,090,000	2,791,410	133,966,410	81,868	1,636	2,281,557,700	5.87%	14,028	9,550
2010	47,935,000	87,835,000	4,056,903	139,826,903	75,517	1,852	2,091,957,100	6.68%	13,698	10,208
2009	50,630,000	89,465,000	5,560,259	145,655,259	75,323	1,934	2,058,004,400	7.08%	12,984	11,218
2008	53,150,000	90,960,000	5,827,355	149,937,355	69,116	2,169	1,949,998,200	7.69%	12,222	12,268
2007	55,305,000	52,600,000	7,161,392	115,066,392	65,268	1,763	1,817,646,100	6.33%	11,581	9,936

Source: Department of Local Affairs

Note: The population and aggregate income numbers for 2015 and 2016 are estimated based on prior years growth

EL PASO COUNTY SCHOOL DISTRICT 49
 Estimation of Direct and Overlapping Debt
 As of June 30, 2017

	2017 Assessed Valuation	Entity's Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct Debt:				
El Paso County School District 49	782,172,430	4,960,000	100.00%	4,960,000
Overlapping Debt:				
City Of Colorado Springs	5,048,412,800	62,529,000	13.17%	8,236,672
El Paso County	6,962,839,210	149,218,059	6.18%	9,216,667
Fire Districts				
Black Forest	149,221,020	998,575	8.08%	80,684
Cimarron Hills	125,465,840	-	49.56%	-
Falcon	335,679,030	-	81.27%	-
Elbert	5,770,240	-	19.74%	-
Ellicott	25,918,110	N/A	0.24%	-
Water Districts				
Up Blk Sqrll GW	274,785,920	-	20.08%	-
Sanitation water districts				
Westmoor SWD	59,290	-	100.00%	-
Special Districts				
Barnes & Pow N BID	6,550,990	3,530,000	100.00%	3,530,000
Barnes & Pow S BID	4,405,190	575,000	100.00%	575,000
EPC PID #2	20,540,370	-	43.05%	-
First & Main BID	3,237,640	1,476,381	100.00%	1,476,381
First & Main BID #2	10,400,770	24,103,935	100.00%	24,103,935
First & Main North BID	4,030,890	1,677,208	100.00%	1,677,208
Stetson Hills SIMD	71,388,200	-	100.00%	-
Metropolitan Districts				
4-Way Ranch #1	1,517,510	2,975,000	100.00%	2,975,000
Ban Lewis Ranch #2	20,145,970	10,920,000	100.00%	10,920,000
Ban Lewis Ranch #3	4,992,140	8,455,000	100.00%	8,455,000
Ban Lewis Ranch Reg	28,452,270	-	45.71%	-
Bent Grass	1,988,470	800,000	100.00%	800,000
Bobcat Meadows	2,553,620	-	100.00%	-
Central Marksheffel	25,052,940	11,880,000	82.01%	9,742,357
Constitution Heights MD	9,676,880	4,330,000	100.00%	4,330,000
Dublin North #2	4,840,870	4,415,916	100.00%	4,415,916
Falcon Highlands	18,217,780	19,461,507	100.00%	19,461,507
Latigo Creek	554,440	-	100.00%	-
Meridian Ranch	46,161,800	41,995,000	100.00%	41,995,000
Paintbrush Hills	17,681,870	-	100.00%	-
Sterling Ranch #1	200	-	100.00%	-
Sterling Ranch #2	95,740	9,062,406	55.49%	5,028,706
Sterling Ranch #3	19,780	-	49.45%	-
Stetson Ridge #2	33,031,350	1,740,000	100.00%	1,740,000
Stetson Ridge #3	5,729,360	4,990,000	100.00%	4,990,000
Woodmen Heights #2	30,085,750	-	78.59%	-
Woodmen Heights #3	2,163,100	-	82.54%	-
Woodmen Road	139,566,010	16,685,000	97.13%	16,205,413

Sources: El Paso County Assessor's Office and from individual entities.

Note: We were unable to get information on Ellicot Fire Districts outstanding debt.

EL PASO COUNTY SCHOOL DISTRICT 49
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Total Personal Income	Per Capital Personal Income	School Enrollment	Unemployment rate
2017	87,835	2,482,973,810	28,269	20,835	3.0%
2016	85,144	2,443,871,861	28,703	20,561	3.9%
2015	82,536	2,405,385,690	29,143	19,552	4.1%
2014	80,008	2,367,505,600	29,591	18,880	4.5%
2013	77,006	2,347,809,100	30,489	15,478	7.1%
2012	72,955	2,086,545,800	28,600	15,063	8.8%
2011	81,868	2,281,557,700	27,869	14,708	10.4%
2010	75,517	2,091,957,100	27,702	14,398	6.7%
2009	75,323	2,058,004,400	27,322	13,616	6.7%
2008	69,116	1,949,998,200	28,213	12,783	3.4%
2007	65,268	1,817,646,100	27,849	12,256	5.4%

Source: Department of Local Affairs, District records

Note: The population and aggregate income numbers for 2015, 2016 and 2017 are estimated based on prior years growth.

EL PASO COUNTY SCHOOL DISTRICT 49
Principal Employers for El Paso County
Current Year and Nine Years Ago

Employer	2016			2007		
	Rank	Employees	Percentage of Total County Employment	Rank	Employees	Percentage of Total County Employment
Fort Carson Army Post	1	29,000	10.85%	1	21,400	8.70%
Peterson Air Force Base	2	11,528	4.31%	2	11,814	6.10%
Schriever Air Force Base ²	3	6,918	2.59%	4	8,225	2.40%
Memorial Hospital - UC Health	4	6,200	2.32%	5	4,700	1.90%
United States Air Force Academy	5	5,544	2.08%	3	10,450	2.60%
Colorado Spring School District #11	6	3,931	1.47%	6	3,900	1.50%
Academy School District #20	7	3,336	1.25%	8	2,986	1.20%
El Paso County	8	2,477	0.93%	10	2,230	90.00%
Penrose ST. Francis Health Services	9	2,265	0.85%	9	2,856	1.20%
City of Colorado Springs ¹	10	2,231	0.84%	7	2,995	1.20%

Source: https://coloradosprings.gov/sites/default/files/2015_final_cafcr.pdf p.262

2016 is the most current CAFR available from City of Colorado Springs, the City's Fiscal Year is from January to December.

¹ City of Colorado Springs includes the total of all full-time equivalent employees (FTE's) in all funds and enterprises except Colorado Springs Utilities and Memorial Health System.

² Schriever Air Force Base previously known as Falcon Air Force Base.

EL PASO COUNTY SCHOOL DISTRICT 49
Full-Time Equivalent Employees by Functional Program
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Classroom Instruction	939	933	920	914	817	787	818	850	719	700
Teaching Assistants	336	300	251	209	119	149	190	229	193	175
General Office Support	117	102	100	113	96	77	76	76	78	73
Instructional Support	112	75	72	60	53	51	65	60	57	49
Facility Workers	55	66	69	69	64	61	84	79	104	93
Other Assistants	93	61	79	64	82	56	47	41	73	77
Man.Dir.Sup. Coord.	12	60	39	24	8	8	14	15	28	22
Principals/Asst/Assoc	52	53	50	64	48	42	45	50	42	37
Bus Drivers	64	47	49	46	47	44	51	53	80	87
Other Paraprofessionals	44	41	43	64	41	13	11	11	32	31
Special Service Providers	48	41	42	34	33	30	40	42	35	39
Food Services	58	35	39	46	42	43	44	36	57	53
Professionals Support	55	33	17	16	14	11	20	18	12	12
Foreman/Lead Workers	40	29	31	33	33	37	38	38	33	30
Coord./Supr.	12	18	13	11	8	6	6	7	8	7
Office Manager/Supervisor	23	18	36	31	12	14	15	16	10	9
Security	20	11	12	12	12	10	12	12	10	7
Supt/Asst Supt/BOCES Director	8	9	9	9	6	6	3	3	2	2
Computer Technology	19	6	4	12	5	9	14	12	13	13
Vehicle Drivers/Workers	4	4	4	3	4	5	5	5	5	4
Total	2,112	1,942	1,879	1,834	1,543	1,459	1,598	1,653	1,591	1,520

Source: District Financial Records

*2017 data does not contain Charter school information for RMCA

EL PASO COUNTY SCHOOL DISTRICT 49
School Building Capacity and Population
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Elementary Schools										
Falcon (1982)										
Building Square feet	38,561	38,561	38,561	38,561	38,561	38,561	38,561	38,561	38,561	38,561
Modular Square feet	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640
Core Capacity (building)	425	425	425	425	425	425	425	425	425	425
Total Capacity (w/modulars)	575	575	575	575	575	575	575	575	575	575
Enrollment	321	319	317	324	319	341	339	326	368	433
Meridian Ranch (2003)										
Building Square feet	55,731	55,731	55,731	55,731	55,731	55,731	55,731	55,731	55,731	55,731
Modular Square feet	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440
Core Capacity (building)	650	650	650	650	650	650	650	650	650	650
Total Capacity (w/modulars)	700	700	700	700	700	700	700	700	700	700
Enrollment	740	727	748	698	638	607	595	595	628	669
Woodmen Hills (2000)										
Building Square feet	51,603	51,603	51,603	51,603	51,603	51,603	51,603	51,603	51,603	51,603
Modular Square feet	11,039	11,039	11,039	11,039	11,039	11,039	11,039	11,039	11,039	11,039
Core Capacity (building)	600	600	600	600	600	600	600	600	600	600
Total Capacity (w/modulars)	900	900	900	900	900	900	900	900	900	900
Enrollment	803	738	744	743	729	714	727	726	748	863
Evans (1976)										
Building Square feet	53,101	53,101	53,101	53,101	53,101	53,101	53,101	53,101	53,101	53,101
Modular Square feet	11,296	11,296	11,296	11,296	11,296	7,760	7,760	7,760	7,760	7,760
Core Capacity (building)	550	550	550	550	550	550	550	550	550	550
Total Capacity (w/modulars)	850	850	850	850	850	825	825	825	825	825
Enrollment	722	684	678	666	722	679	652	666	650	643
Remington (1997)										
Building Square feet	49,784	49,784	49,784	49,784	49,784	49,784	49,784	49,784	49,784	49,784
Modular Square feet	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880
Core Capacity (building)	600	600	600	600	600	600	600	600	600	600
Total Capacity (w/modulars)	700	700	700	700	700	700	700	700	700	700
Enrollment	562	580	565	571	560	593	624	586	538	508
Springs Ranch (2002)										
Building Square feet	56,914	56,914	56,914	56,914	56,914	56,914	56,914	56,914	56,914	56,914
Modular Square feet	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880
Core Capacity (building)	650	650	650	650	650	650	650	650	650	650
Total Capacity (w/modular)	750	750	750	750	750	750	750	750	750	750
Enrollment	603	573	592	654	666	702	676	663	625	635

EL PASO COUNTY SCHOOL DISTRICT 49
School Building Capacity and Population
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Ridgeview (2002)										
Building Square feet	57,362	57,362	57,362	57,362	57,362	57,362	57,362	57,362	57,362	57,362
Modular Square feet	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760
Core Capacity (building)	600	600	600	600	600	600	600	600	600	600
Total Capacity (w/modulars)	800	800	800	800	800	800	800	800	800	800
Enrollment	818	760	916	720	692	701	684	718	735	700
Stetson Elementary (1987)										
Building Square feet	50,223	50,223	50,223	50,223	50,223	50,223	50,223	50,223	50,223	50,223
Modular Square feet	12,120	12,120	12,120	12,120	12,120	12,120	12,120	12,120	12,120	12,120
Core Capacity (building)	525	525	525	525	525	525	525	525	525	525
Total Capacity (w/modulars)	875	875	875	875	875	875	875	875	875	875
Enrollment	540	568	619	613	625	624	630	680	733	718
Odyssey Elementary (2006)										
Building Square feet	44,505	44,505	44,505	44,505	44,505	44,505	44,505	44,505	44,505	44,505
Modular Square feet	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760
Core Capacity (building)	450	450	450	450	450	450	450	450	450	450
Total Capacity (w/modulars)	650	650	650	650	650	650	650	650	650	650
Enrollment	542	550	579	572	571	564	544	548	573	572
Middle Schools										
Falcon Middle (1976)										
Building Square feet	92,421	92,421	92,421	92,421	92,421	92,421	92,421	92,421	92,421	92,421
Modular Square feet	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	4,200	4,200
Core Capacity (building)	800	800	800	800	800	800	800	800	800	800
Total Capacity (w/modulars)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	980	907	934	902	918	911	908	903	942	622
Horizon Middle (1985)										
Building Square feet	66,380	66,380	66,380	66,380	66,380	66,380	66,380	66,380	66,380	66,380
Modular Square feet	43,488	43,488	7,200	7,200	7,200	9,500	9,500	9,500	9,500	9,500
Core Capacity (building)	625	625	625	625	625	625	625	625	625	625
Total Capacity (w/modulars)	1,175	1,175	800	800	800	875	875	875	875	875
Enrollment	709	650	626	610	623	615	652	672	662	696
Skyview Middle (2000)										
Building Square feet	122,317	122,317	122,317	122,317	122,317	122,317	122,317	122,317	122,317	122,317
Modular Square feet	14,760	14,760	14,760	14,760	14,760	14,760	7,200	7,200	7,200	7,200
Core Capacity (building)	900	900	900	900	900	900	900	900	900	900
Total Capacity (w/modulars)	1,350	1,350	1,350	1,350	1,350	1,150	1,150	1,150	1,150	1,150
Enrollment	1,063	1,127	1,144	1,022	1,028	1,024	1,081	1,178	1,129	1,147

EL PASO COUNTY SCHOOL DISTRICT 49
School Building Capacity and Population
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
High Schools										
Falcon High (2007)										
Building Square feet	176,352	176,352	176,352	176,352	176,352	176,352	176,352	176,352	176,352	176,352
Modular Square feet	-	-	-	-	-	-	-	-	-	-
Core Capacity (building)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total Capacity (w/modulars)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Enrollment	1,191	1,238	1,275	1,242	1,291	1,239	1,298	1,287	1,236	1,157
Sand Creek High (1997)										
Building Square feet	189,866	189,866	189,866	189,866	189,866	189,866	189,866	189,866	189,866	189,866
Modular Square feet	8,640	8,640	8,640	8,640	11,520	11,520	19,080	18,080	18,080	16,640
Core Capacity (building)	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Total Capacity (w/modulars)	1,900	1,900	1,900	1,900	1,950	2,200	2,200	2,200	2,200	2,150
Enrollment	1,255	1,274	1,245	1,238	1,184	1,175	1,162	1,296	1,535	2,084
Vista Ridge High (2008)										
Building Square feet	166,617	166,617	166,617	166,617	166,617	159,787	159,787	159,787	159,787	-
Modular Square feet	-	-	-	-	-	-	-	-	-	-
Core Capacity (building)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	-
Total Capacity (w/modulars)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	-
Enrollment	1,486	1,437	1,338	1,230	1,195	1,147	1,105	896	602	-
Charter Schools										
Imagine Classical Academy (2010)										
Building Square feet	48,000	48,000	48,000	48,000	48,000	48,000	48,000	-	-	-
Modular Square feet	1,440	1,440	1,440	-	-	-	-	20,160	20,160	-
Core Capacity (building)	800	800	800	800	800	800	800	350	350	-
Total Capacity (w/modulars)	850	850	850	800	800	800	800	350	350	-
Enrollment	797	773	743	831	858	802	687	592	197	-
Pikes Peak School of Expeditionary Learning (2008)										
Building Square feet	28,967	28,967	28,967	28,967	28,967	28,967	28,967	28,967	28,967	3,997
Modular Square feet	-	-	-	-	-	-	-	-	-	7,404
Core Capacity (building)	475	475	475	475	475	475	475	475	475	200
Total Capacity (w/modulars)	475	475	475	475	475	475	475	475	475	200
Enrollment	412	439	408	384	397	396	383	345	248	193
Rocky Mountain Classical Academy (2015)										
Building Square feet	93,000	93,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	-
Modular Square feet	-	-	36,288	36,288	36,288	36,288	36,288	36,288	36,288	36,288
Core Capacity (building)	1200	1,200	475	475	475	475	475	475	475	0
Total Capacity (w/modulars)	1200	1,200	1,075	1,075	1,075	1,075	1,075	1,075	1,075	600
Enrollment	1,614	1,467	1,300	746	675	892	924	824	679	544

EL PASO COUNTY SCHOOL DISTRICT 49
School Building Capacity and Population
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Banning Lewis Ranch Academy (2008)										
Building Square feet	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	-
Modular Square feet	1,440	1,440	1,440	1,440	1,440	1,440	-	-	-	-
Core Capacity (building)	675	675	675	675	675	675	675	675	675	-
Total Capacity (w/modulars)	725	725	725	725	725	725	-	-	-	-
Enrollment	809	752	749	750	737	742	712	697	601	599
GOAL Academy										
Building Square feet	185,278	185,278								
Modular Square feet	-	-								
Capacity (students)	N/A	N/A	N/A	N/A						
Enrollment	3,764	4,070	3,259	3,149	-	-	-	-	-	-
Power Technical Early College (2017)										
Building Square feet										
Modular Square feet	-									
Capacity (students)										
Enrollment	160									
Other Buildings										
Springs Studio for Academic Excellence (2012)										
Building Square feet	20,000	20,000	20,000	20,000	20,000	7,000	7,000			
Modular Square feet	-	-	-	-	-					
Capacity (students)	600	600	600	600	600	225	225	-	-	-
Enrollment	489	521	321	496	421	362	105	-	-	-
Patriot High School (1952)										
Building Square feet (plus butler & art)	41,929	41,929	41,929	41,929	41,929	41,929	41,929	41,929	41,929	41,929
Modular Square feet	4,812	10,572	10,572	10,572	10,572	10,572	10,572	10,572	10,572	10,572
Core Capacity (building)	125	125	125	125	125	125	125	125	125	125
Total Capacity (w/modulars)	325	325	325	325	325	325	325	325	325	325
Enrollment	195	201	258	249	244	233	220	200	187	
Homeschool (2001)										
Building Square feet	7,000	7,000	7,000	7,000	7,000					-
Modular Square feet	-	-	-	-	-	-	-	-	-	-
Capacity (students)	225	225	225	225	225					-
Enrollment	260	206	194	470	385	-	-	-	-	-

EL PASO COUNTY SCHOOL DISTRICT 49
 School Building Capacity and Population
 Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Administration Buildings										
Central Office (1981)										
Building Square feet	6,134	6,134	6,134	6,134	6,134	6,134	6,134	6,134	6,134	6,134
Modular Square feet	7,212	7,212	7,212	7,884	8,076	8,076	8,076	8,076	8,076	8,076
Transportation/Nutrition Services (2002)										
Building Square feet	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800
Modular Square feet	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440
Creekside (2008)										
Building Square feet	35,806	35,806								
Modular Square feet	-	-								
Total Student Population	20,835	20,561	19,552	18,880	15,478	15,063	14,708	14,398	13,616	12,783

* GOAL Academy joined the district in 2013/2014 school year. Their enrollment prior to joining the district is not included.

GOAL Academy is primarily an online school. With various small satellite sites for students to visit for additional learning. These sites change periodically based on need. Prior years were not available.

The Creekside building was purchased in 2015

Power Technical Early College joined the district in the 2016/2017 school year.

<http://www.cde.state.co.us/cdereval/pupilcurrent>

EL PASO COUNTY SCHOOL DISTRICT 49
Capital Assets by Function/Program
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities											
Instruction	213,368,856	211,624,573	210,439,589	206,271,659	205,341,762	201,779,181	197,631,047	196,365,203	196,984,706	191,367,260	141,420,892
General Administration	14,679,803	12,593,392	12,313,675	8,622,325	7,121,798	7,021,798	6,950,027	6,778,232	5,802,432	5,604,270	4,697,904
Operation and Maintenance	557,283	464,480	326,569	276,762	91,930	48,394	48,394	48,394	48,394	48,394	48,394
Student Transportation	9,433,502	8,773,770	8,249,302	7,694,696	7,424,696	7,424,696	7,371,620	6,761,030	6,517,820	6,168,661	6,073,123
Technology	1,916,705	1,916,705	1,916,705	1,916,705	1,916,705	1,879,589	1,879,589	1,838,890	852,318	460,045	84,380
Business	45,229	45,229	45,229	45,229	45,229	45,229	45,229	45,229	12,589	12,589	12,589
Business-type Activities											
Food Service	-	-	-	1,101,957	1,101,956	1,101,956	1,101,956	1,070,696	1,043,007	956,916	911,111
Total	240,001,378	235,418,150	233,291,069	225,929,333	223,044,076	219,300,843	215,027,862	212,907,674	211,261,265	204,618,134	153,248,394

Source: District Financial Records

EL PASO COUNTY SCHOOL DISTRICT 49
Operating Statistics
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Primary Government Expenses	212,866,460	140,398,047	132,358,799	115,174,821	108,441,190	95,914,797	103,533,372	106,550,684	112,004,016	98,547,589
Enrollment, Oct 1 count	20,835	20,561	19,552	18,880	15,478	15,063	14,708	14,398	13,616	12,783
Funded Pupil Count (FPC)	21,743.7	21,839.3	20,222.5	18,279.3	14,572.9	14,283.7	14,027.8	13,698.0	12,984.3	12,221.5
Cost per FPC	9,789.80	6,428.69	6,545.13	6,300.83	7,441.29	6,714.98	7,380.59	7,778.56	8,626.11	8,063.46
Per Pupil Funding After Negative Factor	7,075.60	6,977.57	6,688.52	6,303.45	6,139.43	6,137.57	6,202.47	6,872.52	6,529.78	6,279.02
Students Qualified for Federal Assistance:										
Free Lunch Program	3,445	5,560	4,961	4,267	2,316	2,145	1,813	1,827	1,314	1,176
Reduced Lunch Program	951	1,556	1,345	1,404	959	1,027	909	887	974	808
SAT/ACT Average Composite score*										
Springs Studio for Academic Excellence**	972.8	19.6	19.1	19.9	21.0	-	-	-	-	-
Falcon HS	992.7	20.2	20.1	19.9	20.0	19.9	20.0	20.4	19.5	19.08
Sand Creek HS	976.8	19.8	19.4	19.8	19.9	18.6	18.7	19.0	18.6	19.28
Vista Ridge HS	982.2	20.3	19.6	18.8	19.1	19.2	19.2	19.8	-	-
Patriot High School***	827.2	15.4	14.7	16.3	16.7	15.8	15.0	15.7	15.3	-
Goal Academy	827.9	15.4	16.1	16.3	-	-	-	-	-	-
Colorado Average	1014.3	20.4	20.1	20.3	20.1	20.0	19.9	19.4	19.6	19.4
Dropout Rate	TBD	12.0%	5.9%	4.6%	6.0%	7.0%	9.0%			
Graduation Rates										
Springs Studio for Academic Excellence**	TBD	87.1%	91.9%	91.2%	92.3%	85.7%	66.7%	-	-	-
Falcon High School	TBD	94.7%	92.1%	96.3%	94.4%	92.6%	94.7%	88.8%	84.7%	84.2%
Goal Academy	TBD	38.9%	30.2%	31.5%	-	-	-	-	-	-
Patriot High School***	TBD	47.2%	42.0%	57.4%	64.1%	62.4%	55.4%	56.2%	50.0%	0.0%
Sand Creek High School	TBD	85.5%	89.0%	89.8%	88.7%	91.4%	86.6%	86.2%	80.8%	77.5%
Vista Ridge High School	TBD	87.0%	88.1%	92.1%	94.6%	95.3%	87.1%	-	-	-
CO state	TBD	79.8%	77.3%	77.3%	76.9%	75.4%	7.9%	7240.0%	74.6%	73.9%

COMPLIANCE SECTION

SINGLE AUDIT

EL PASO COUNTY SCHOOL DISTRICT 49
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
<i>Child Nutrition Cluster</i>				
Passed Through Colorado Department of Education				
School Breakfast Program	10.553	4553	\$ -	\$ 222,028
National School Lunch Program	10.555	4555		1,531,326
Summer Food Service Program for Children	10.559	4559		6,446
Passed Through Colorado Department of Human Services				
National School Lunch Program	10.555	4555		314,228
<i>Total Child Nutrition Cluster</i>				<u>2,074,028</u>
Total U.S. Department of Agriculture				<u>2,074,028</u>
U.S. Department of Defense				
Direct Programs				
Reserve Officer Training Corps (ROTC)	12.Unknown			187,321
Promoting K-12 Student Achievement at Military-Connected Schools	12.556			193,888
Total Department of Defense				<u>381,209</u>
U.S. Department of Education				
Direct Programs				
Impact Aid	84.041		89,347	<u>241,446</u>
Passed Through Colorado Department of Education				
<i>Special Education Cluster</i>				
Special Education: Grants to States IDEA Part B	84.027	4027, 5027		2,837,698
Special Education: Preschool Grants	84.173	4173		26,603
<i>Total SPED Cluster</i>				<u>2,864,301</u>
No Child Left Behind, Title I, Part A	84.010	4010		1,179,124
Charter Schools	84.282	5282		210,416
Advanced Placement Programs	84.330	5330		5,194
English Language Learners, Title III, Part A	84.365	4365, 7365		66,900
Quality Teacher, Title II, Part A	84.367	4367		106,187
Race to the Top	84.412	5412		23,477
Passed through Colorado Community College System				
Vocational Education - Carl Perkins	84.048	4048		76,941
Total U.S. Department of Education			<u>89,347</u>	<u>4,773,986</u>
Total Federal Awards			<u>\$ 89,347</u>	<u>\$ 7,229,223</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT 49
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of El Paso County School District 49 under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of El Paso County School District 49, it is not intended to and does not present the financial position, changes in net assets, or cash flows of El Paso County School District 49.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available. ROTC does not have a CFDA number, so the Federal CFDA number on the Schedule of Expenditures of Federal Awards identifies the Department followed by "Unknown".

NOTE 3 – INDIRECT COST RATE

El Paso County School District 49 has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – NON-CASH ASSISTANCE

During the year end June 30, 2017, El Paso County School District 49 received \$314,228 in non-cash assistance in the form of food commodities. Commodities are valued at current market value at the time of receipt.



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

To the Board of Education
El Paso County School District 49

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of El Paso County School District 49, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise El Paso County School District 49’s basic financial statements, and have issued our report thereon dated January 29, 2018. The financial statements of the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered El Paso County School District 49’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of El Paso County School District 49’s internal control. Accordingly, we do not express an opinion on the effectiveness of El Paso County School District 49’s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether El Paso County School District 49's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hoelting & Company, Inc.

Colorado Springs, Colorado
January 29, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education
El Paso County School District 49

Report on Compliance for Each Major Federal Program

We have audited El Paso County School District 49's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of El Paso County School District 49's major federal programs for the year ended June 30, 2017. El Paso County School District 49's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of El Paso County School District 49'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 Title 2 U.S. *Code of Federal Regulations* Part 200, *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 El Paso County School District 49'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 El Paso County School District 49's compliance.

Opinion on Each Major Federal Program

In our opinion, El Paso County School District 49, 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, 2017.

Report on Internal Control Over Compliance

Management of El Paso County School District 49 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 El Paso County School District 49'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 circumstances 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 El Paso County School District 49'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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

Purpose of this Report

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

Hoelting & Company Inc.

Colorado Springs, Colorado
January 29, 2018

**EL PASO COUNTY SCHOOL DISTRICT 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Section II—Financial Statement Findings

No findings reported.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.

**EL PASO COUNTY SCHOOL DISTRICT 49
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the El Paso County School District 49 Schedule of Findings and Questioned Costs for the year ended June 30, 2016. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2017 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

<u>Finding Number</u>	<u>CFDA Number</u>	<u>Program/ Cluster Title</u>	<u>Finding</u>	<u>Status of Finding</u>
2016-001	N/A	N/A	Segregation of Duties- Wire Transfers	Corrected

**COLORADO SCHOOL DISTRICT/BOCES AUDITORS'
DATA INTEGRITY REPORT**

Hc
Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON
COLORADO SCHOOL DISTRICT/BOCES
AUDITOR'S INTEGRITY REPORT**

To the Board of Education
El Paso County School District 49

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of El Paso County School District 49, as of and for the year ended June 30, 2017, which collectively comprise El Paso County School District 49's basic financial statements, and our report thereon dated January 29, 2018, which expressed an unmodified opinion on those financial statements, appears as listed in the table of contents.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso County School District 49's financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hoelting & Company Inc.

Colorado Springs, Colorado
January 29, 2018



Colorado Department of Education
Auditors Integrity Report
 District: 1110 - FALCON 49
 Fiscal Year 2016-17
 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	20,311,000	116,786,362	113,401,601	23,695,761
18 Risk Mgmt Sub-Fund of General Fund	380,653	2,204,109	1,445,986	1,138,775
19 Colorado Preschool Program Fund	72,869	459,424	451,136	81,158
Sub- Total	20,764,522	119,449,895	115,298,723	24,915,694
11 Charter School Fund	17,814,982	57,230,025	51,707,696	23,337,311
20,26-29 Special Revenue Fund	22,877	406,347	370,979	58,246
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	1,431,315	3,705,543	3,869,435	1,267,423
22 Govt Designated-Purpose Grants Fund	0	6,698,366	6,698,366	0
23 Pupil Activity Special Revenue Fund	333,249	1,011,304	985,110	359,443
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	1,235,686	1,235,686	0
31 Bond Redemption Fund	7,904,764	4,700,111	7,520,171	5,084,704
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	83,500,000	5,412,698	78,087,302
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	419,545	296,569	0	716,114
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	48,691,255	278,233,846	193,098,865	133,826,236
Proprietary				
50 Other Enterprise Funds	-3,587,730	441,134	351,209	-3,497,805
64 (63) Risk-Related Activity Fund	2,055,615	2,668,447	3,202,985	1,521,077
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	-1,532,115	3,109,581	3,554,194	-1,976,728
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	6,133	536	1,000	5,668
74 Pupil Activity Agency Fund	718,944	1,890,249	1,870,413	738,780
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	725,077	1,890,784	1,871,413	744,448

FINAL

