

# EL PASO COUNTY SCHOOL DISTRICT 49



## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016

10850 East Woodmen Road

Peyton, Colorado 80831

[www.d49.org](http://www.d49.org)

# Comprehensive Annual Financial Report

## El Paso County School District 49

### El Paso County, Colorado



For the fiscal year ended  
June 30, 2016

Prepared by:

Brett Ridgway

Chief Business Officer

Ryan Johanson, CPA

Accounting Group Manager

# Introductory Section

The

**Best District**

to Learn, Work and Lead

# 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>Falcon High School</p>       |  <p>Sand Creek High School</p>       |  <p>Vista Ridge High School</p> |   |

## Our Charter Schools



Banning Lewis Ranch Academy



Pikes Peak School of Expeditionary Learning



G.O.A.L. Academy



Rocky Mountain Classical Academy



Imagine Classical Academy

# Our Cultural Compass



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

**Respectful** – We respect others for their abilities, qualities and achievements.

**Transparent** – We build positive relationships through honesty and openness with all stakeholders.

**Caring** – We provide a safe and caring environment for students and staff.

**Accountable** – We hold ourselves accountable for our actions.

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

**Strategic** – We ensure all decisions align with the 'Five Rocks'.

**Innovative** – We encourage risk taking by supporting exploration of new ideas and strategies.

**Creative** – We embrace creativity at all levels.

**Life-long learning** – We model continuous learning to encourage life-long learners.

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

**Chief Education Officer**

**Chief Business Officer**

**Chief Operations Officer**

**OFFICE**

**OF**

**THE**

**SUPERINTENDENT**

SCHOOLS, WITH AUTONOMY

Falcon Zone Leader

POWER Zone Leader

Sand Creek Zone Leader

iConnect Zone Leader

Individualized Education

Learning Services

CTE/Concurrent Enrollment

Culture & Services

CENTRAL SUPPORT

Finance & Accounting

Strategic & Project Planning

Risk Management

Purchasing & Contracts

Human Resources

Nutrition Services

Transportation Services

Facilities Maintenance

Ground Management

Safety & Security

Communications

WIDE  
ACCOUNTABILITY  
GROUP

Information Technology (*Outsourced*)

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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, 2016.

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, 2016, 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 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, 2016 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, 2016 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 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 2013 census data.

The District operates nine elementary schools, three middle schools, and three high schools, in its coordinated school portfolio; five charter schools (four K-8's and one high school), two online programs, one alternative school program, one home school program, and three student support facilities. These schools service 20,571 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, and Rocky Mountain Classical Academy. 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 2015 and the estimated FTE for the 2016-17 school year.

| School                                      | Date Placed in Service | October 2015 Student FTE | Projected 2016 Student FTE |
|---|------------------------|--------------------------|----------------------------|
| Evans International Elementary              | 1976                   | 617.78                   | 667.78                     |
| Falcon Elementary                           | 1982                   | 292.26                   | 276.59                     |
| Falcon Middle                               | 1976                   | 908.00                   | 940.00                     |
| Falcon High School                          | 2007                   | 1,234.50                 | 1,247.50                   |
| Home School Academy                         | 2001                   | 104.28                   | 131.28                     |
| Horizon Middle                              | 1985                   | 650.50                   | 716.48                     |
| Meridian Ranch Elementary                   | 2003                   | 675.22                   | 674.31                     |
| Odyssey Elementary                          | 2006                   | 508.00                   | 495.56                     |
| Patriot Learning Center                     | 1952                   | 200.50                   | 161.13                     |
| Remington Elementary                        | 1997                   | 528.10                   | 520.86                     |
| Ridgeview Elementary                        | 2002                   | 685.62                   | 719.36                     |
| Sand Creek High School                      | 1997                   | 1,266.50                 | 1,230.75                   |
| Skyview Middle                              | 2000                   | 1,127.00                 | 1,110.00                   |
| Springs Ranch Elementary                    | 2002                   | 512.06                   | 509.00                     |
| Springs Studio for Academic Excellence      | 2012                   | 517.06                   | 655.77                     |
| Stetson Elementary                          | 1987                   | 508.52                   | 510.02                     |
| Vista Ridge High School                     | 2008                   | 1,403.00                 | 1,449.00                   |
| Wooden Hills Elementary                     | 2000                   | 656.36                   | 691.52                     |
| <b>Charter Schools</b>                      |                        |                          |                            |
| Pikes Peak School of Expeditionary Learning | 2008                   | 393.86                   | 394.00                     |
| GOAL Academy                                | N/A                    | 4,065.00                 | 3,750.00                   |
| Banning Lewis Ranch Academy                 | 2008                   | 717.56                   | 716.00                     |
| Rocky Mountain Classical Academy            | 2015                   | 1,237.60                 | 1343.10                    |
| Imagine Indigo Ranch Academy                | 2010                   | 723.86                   | 735.00                     |
| <b>Total</b>                                |                        | <b>19,533.14</b>         | <b>19,645.01</b>           |

## 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 and 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 paid off by 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 25 to 54 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

In the 2016-17 school year, the District will add 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 12<sup>th</sup> grade to obtain a free Associates Degree from Pikes Peak Community College: The PTEC curriculum will focus on machining technology, architectural engineer/construction management, welding, computer aided drafting, electronics technology, and heating, air conditioning and refrigeration. Students will also have the opportunity to earn industry recognized certifications during their lab courses that will make them able 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 to 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,

Brett Ridgway  
Chief Business Officer

Ryan Johanson, CPA  
Accounting Group Manager



# El Paso County School District 49

## Elected Officials Board of Education

Marie LaVere-Wright  
David Moore  
Tammy Harold  
Kevin Butcher  
John Graham

President  
Vice President  
Secretary  
Treasurer  
Director

## Administrative Officials

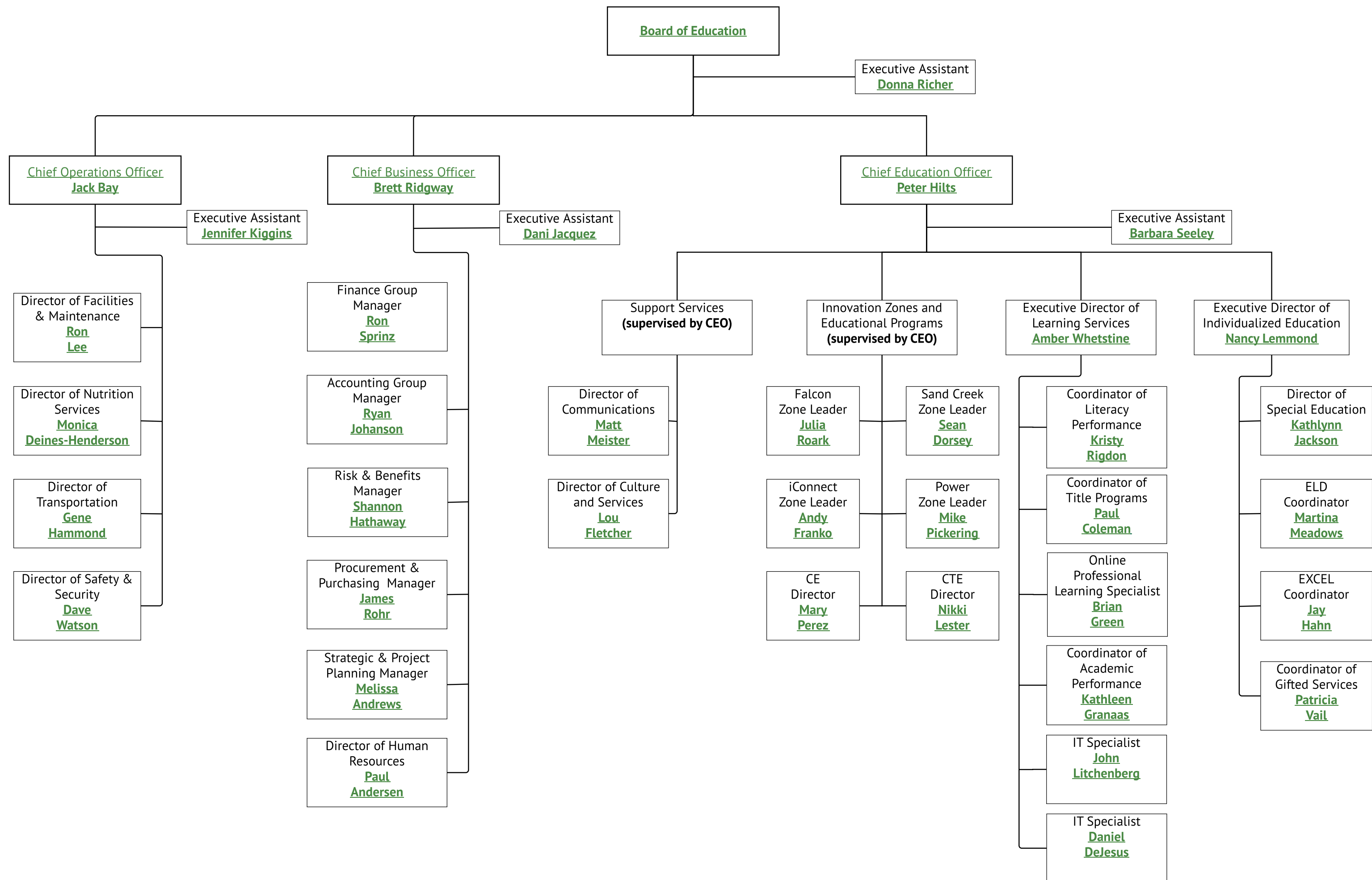
Peter Hilts  
Brett Ridgway

Jack Bay  
Julia Roark  
Sean Dorsey  
Mike Pickering  
Andy Franko  
Amber Whetstine

Zach Craddock

Paul Andersen  
Gene Hammond  
Monica Deines-Henderson  
Matt Meister  
Donna Richer

Chief Education Officer  
Chief Business Officer & Assistant  
Treasurer  
Chief Operations Officer  
Falcon Zone Leader  
Sand Creek Zone Leader  
Power Zone Leader  
iConnect Zone Leader  
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



# 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *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, and Imagine Charter School at Indigo Ranch which represent 14.0 percent, 21.0 percent, and 16.0 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 and Imagine Charter School at Indigo Ranch 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, 2016, 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 December 7, 2016, 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  
December 7, 2016

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**JUNE 30, 2016**

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As management of El Paso County (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, 2016.

**Financial Highlights**

- The Governmental Activities of District 49 had a deficit Net Position of \$-82,122,256 at the end of the current fiscal year, a decrease of \$4,480,437 from the prior year. This is due to the PERA pension liability of \$201,734,357 being pushed to the school district level. Excluding the PERA liability the Net Position would be \$119,612,101, an increase from the prior year of \$19,955,197.
- General Revenues for the Governmental Activities of the District totaled \$103,514,087, or 77.3% of all revenues. Program specific revenues in the form of charges for services and grants and contributions received accounted for \$30,320,583, or 22.7% of total revenues of \$133,834,670.
- The ending fund balance of total General Funds was \$36,209,607. The General Fund portion maintained a fund balance to District Adjusted Gross Revenue (DAGR) ratio above 10% (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 \$155,481,414 which was up \$14,349,586; (10.2%) from the prior year.
- Total student count in the District increased 9.0% from the prior year, while the corresponding funded student count increased by 5.0% (932 student FTE).
- The Nutritional Service Fund reported a ending fund balance of \$1,431,315, an increase of \$188,229 from the prior year, and \$123,109 better than budgeted due higher revenue.

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 \$201,734,357. 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. The Falcon School District'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.

**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.

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**MANAGEMENT DISCUSSION & ANALYSIS**  
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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. The Falcon School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into 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 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 predominate ly benefit



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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 Falcon School District's own programs. The two fiduciary funds utilized by the District are the Falcon 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.

**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 five component units are:

- Pikes Peak School of Expeditionary Learning
- Banning Lewis Ranch Academy
- Rocky Mountain Classical Academy
- Imagine Indigo Ranch
- G.O.A.L. Academy

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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**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 Falcon School District, Primary Government Liabilities exceeded Assets by \$82,122,256 at the close of the most recent fiscal year. This is due to \$201,734,357 of the PERA liability being assigned to the school district. Excluding this liability Falcon School District Primary Government Liabilities exceeded Assets by \$119,612,101.

Of that amount, \$62,586,946 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.

\$19,023,043 of the District's net position represents resources that are subject to external restriction on how they may be used.

**FALCON SCHOOL DISTRICT 49 NET POSITION**

|   | Governmental Activities |                        |
|---|-------------------------|------------------------|
|   | 2016                    | 2015                   |
| <b>ASSETS</b>                               |                         |                        |
| Current assets                              | \$ 46,287,176           | \$ 54,251,520          |
| Capital assets, net of depreciation         | 147,212,998             | 152,239,880            |
| <b>Total assets</b>                         | <u>193,500,174</u>      | <u>206,491,400</u>     |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                         |                        |
| <b>Total deferred outflows of resources</b> | <u>33,941,526</u>       | <u>14,851,421</u>      |
| <b>LIABILITIES</b>                          |                         |                        |
| Current liabilities                         | 22,330,032              | 12,651,757             |
| Long-term liabilities                       | 284,183,587             | 285,972,883            |
| <b>Total liabilities</b>                    | <u>306,513,619</u>      | <u>298,624,640</u>     |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                         |                        |
| <b>Total deferred outflows of resources</b> | <u>3,050,337</u>        | <u>-</u>               |
| <b>NET POSITION</b>                         |                         |                        |
| Net Investment in Capital Assets            | 62,586,946              | 51,041,127             |
| Restricted for:                             |                         |                        |
| TABOR                                       | 3,320,000               | 3,200,000              |
| Debt Service                                | 15,630,174              | 23,415,052             |
| Preschool                                   | 72,869                  | 92,644                 |
| Unrestricted                                | (163,732,245)           | (155,030,642)          |
| <b>TOTAL NET POSITION</b>                   | <u>\$ (82,122,256)</u>  | <u>\$ (77,281,819)</u> |

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Governmental activities decreased the net position of the District by \$6,563,377. Program revenues included \$14,025,571 in charges for services, and \$15,591,007 in operating grants and contributions. Over \$100.3 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 \$73,810,829 out of a total of \$140,398,047.

Program revenues for Nutritional Services included \$1,570,844 in charges for services and \$2,068,071 in operating grants and contributions. Expenditures of \$3,450,686 were for food services.

**FALCON SCHOOL DISTRICT 49 - Changes in Net Position**

|                                       | <b>Governmental Activities</b> |                        |
|---------------------------------------|--------------------------------|------------------------|
|                                       | <b>2016</b>                    | <b>2015</b>            |
| <b>PROGRAM REVENUES</b>               |                                |                        |
| Charges for service                   | \$ 14,025,571                  | \$ 13,475,370          |
| Operating Grants & contributions      | 15,591,007                     | 14,378,042             |
| Capital Grants & contributions        | 704,005                        | 2,835,468              |
| <b>GENERAL REVENUES</b>               |                                |                        |
| Property Taxes                        | 33,364,551                     | 25,822,318             |
| Specific ownership taxes              | 3,676,411                      | 2,762,983              |
| State equalization                    | 65,914,912                     | 71,655,103             |
| Investment earnings                   | 84,202                         | 36,042                 |
| Miscellaneous revenues & transfers    | 474,011                        | 414,377                |
| <b>TOTAL REVENUES</b>                 | <b>133,834,670</b>             | <b>131,379,703</b>     |
| <b>EXPENSES</b>                       |                                |                        |
| Instruction                           | 73,810,829                     | 69,436,074             |
| Supporting Services                   | 55,862,491                     | 51,860,340             |
| Community Services                    | 3,110                          | 2,309                  |
| Facilities Acquisition & Construction | 2,313,108                      | 1,555,578              |
| Interest on long-term debt            | 3,450,685                      | 5,940,860              |
| Food Service                          | 4,957,824                      | 3,563,638              |
| <b>TOTAL EXPENSES</b>                 | <b>140,398,047</b>             | <b>132,358,799</b>     |
| Change in Net Position                | (6,563,377)                    | (979,096)              |
| Beginning Net Position                | (77,281,819)                   | 80,022,481             |
| Prior Period Adjustment               | 1,722,940                      | (156,325,204)          |
| <b>TOTAL NET POSITION</b>             | <b>\$ (82,122,256)</b>         | <b>\$ (77,281,819)</b> |

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
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**Financial Analysis of the Governmental Funds**

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

**Governmental Funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, 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 the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$30,876,271.

The general fund is the chief operating fund of the District. At the end of the current fiscal year committed and unassigned fund balance of the general fund was \$9,646,242 while total fund balance is \$20,764,521. 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 10.3% of total general fund expenditures, while total fund balance represents 22.1% of that same amount.

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

In 2015-16, Falcon School District expended \$5,129,118 of local, state and federal grant funds, excluding charter school grant expenditures. Of these expenditures, \$744,891 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 2016-17 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. The 2014-15 to 2015-2016 expected growth was 3.2%

Some significant budget highlights include:

- The final (Amended) budget showed increased expenditures by \$5,962,915 from the original (Adopted) budget. The increase was due to debt refinancing (\$3,193,087) and a general increase to bring down fund balance to board approved levels.
- Actual General Fund results for the 2015-16 fiscal year showed revenues in excess of expenses by \$285,361, which was \$6,234,724 better than the final budget. The improvement came from improved categorical revenue and lower expenditures.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
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**Capital Assets and Debt Administration**

**Capital assets.** The Falcon School District's investment in capital assets for governmental activities as of June 30, 2016 amounts to \$147,212,998 (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.

**Investments in Capital Assets**

|                                | Balance @<br>6/30/2016 | Balance @<br>6/30/2015 |
|--------------------------------|------------------------|------------------------|
| <b>Governmental Activities</b> |                        |                        |
| Land and Site Improvements     | 15,765,500             | 15,765,500             |
| Buildings & Improvements       | 127,507,136            | 132,746,528            |
| Equipment                      | 3,054,328              | 3,161,785              |
| Construction in Progress       | 886,034                | 566,067                |
| Total capital assets, net      | <u>147,212,998</u>     | <u>152,239,880</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 \$91,862,431. Of this amount, \$12,346,754 is general obligation bonds for which there is a mill levy assessment to pay the debt, \$4,049,924 for capital leases, and \$68,345,000 in certificates of participation.

In November 2005, the taxpayers approved a mill levy override to pay for the construction of new facilities and additions to 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.

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 \$12,305,000 or 1.6% of assessed value, or 0.2% of retail value. The district's legal debt limit and debt margin is \$150,394,494 and \$138,089,494 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, 2016**

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**Economic Factors and 2016-2017 Budget**

- The local, state, and federal economies are recovering. This was seen in the change in the District's assessed property value, which increased by 9.03% in 2015 from the prior year to a total of \$751,972,470. This change was recognized in a non-reassessment cycle. It is normal for there to be a lag in recognizing changes in assessed valuations relative to market values.
- The District must continue to work proactively with developers, the City of Colorado Springs, and El Paso County to confront the enrollment growth issue. Falcon School District has been one of the fastest growing school districts in the state, based on enrollment - on a percentage basis, for the last several years.
- The District continues to work with charter schools. The District had five charter schools during the current fiscal year after taking over authorizing responsibility for the state's largest multi-district online charter school on July 1, 2013; and adding another charter school and approving a charter high school.
- The District ended the 2015-16 school year with more than a 10% revenue to fund balance ratio (excluding PERA liability), as mandated by School Board Policy. 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 Falcon School District'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, Falcon School District 49, 10850 E. Woodmen Road, Falcon, CO 80831

## **BASIC FINANCIAL STATEMENTS**

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

|  | <b>Primary<br/>Government<br/>Governmental<br/>Activities</b> | <b>Component<br/>Units</b> |
|--|---|----------------------------|
| <b>ASSETS</b>                                  |   |                            |
| Cash and cash equivalents                      | \$ 26,932,423   | \$ 17,338,140              |
| Restricted cash and cash equivalents           | 16,399,950  | 1,072,051                  |
| Investments                                    | -   | 5,060,675                  |
| Accounts receivable                            | 316,955   | 345,418                    |
| Grants receivable                              | 1,250,305   | -                          |
| Taxes receivable                               | 1,077,291   | -                          |
| Intergovernmental receivables                  | -   | 174,923                    |
| Receivable from fiduciary funds                | 127,090   | -                          |
| Prepaid expenses                               | -   | 572,156                    |
| Deposits                                       | -   | 83,407                     |
| Inventories                                    | 183,162   | -                          |
| Capital assets, not being depreciated          | 16,651,534  | 2,280,506                  |
| Capital assets, net of depreciation            | 130,561,464   | 32,997,815                 |
| Total assets                                   | 193,500,174   | 59,925,091                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>          |   |                            |
| Deferred charge on refunding                   | 6,134,791   | 864,319                    |
| Deferred pension outflows                      | 27,806,735  | 7,021,837                  |
| Total deferred outflows of resources           | 33,941,526  | 7,886,156                  |
| <b>LIABILITIES</b>                             |   |                            |
| Accounts payable and other current liabilities | 1,970,486   | 1,311,319                  |
| Accrued salaries and benefits                  | 9,922,342   | 955,829                    |
| Compensated absences                           | 139,568   |                            |
| Accrued interest                               | 135,946   | 766,721                    |
| Unearned revenues                              | 888,057   | 203,128                    |
| Long-term liabilities                          |   |                            |
| Due within one year                            | 9,273,633   | 535,988                    |
| Due in more than one year                      | 82,449,230  | 40,026,550                 |
| Net pension liability                          | 201,734,357   | 49,427,436                 |
| Total liabilities                              | 306,513,619   | 93,226,971                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>           |   |                            |
| Unavailable revenue                            | -   | 321,463                    |
| Deferred pension inflows                       | 3,050,337   | 2,174,888                  |
| Total deferred inflows of resources            | 3,050,337   | 2,496,351                  |
| <b>NET POSITION</b>                            |   |                            |
| Net investment in capital assets               | 62,586,946  | (4,675,528)                |
| Restricted for:                                |   |                            |
| Emergency reserve (TABOR)                      | 3,320,000   | 1,608,200                  |
| Debt service                                   | 15,630,174  | 3,302,082                  |
| Preschool                                      | 72,869  | -                          |
| Repairs and replacement                        | -   | 226,875                    |
| Unrestricted                                   | (163,732,245)   | (28,373,704)               |
| Total net position                             | \$ (82,122,256)   | \$ (27,912,075)            |

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, 2016**

| <b>Functions/Programs</b>             | <b>Expenses</b>       | <b>Program Revenue</b>          |   |   | <b>Net (Expense) Revenue and<br/>Changes in Net Position</b>  |  |
|---------------------------------------|-----------------------|---------------------------------|---|---|---|--|
|                                       |                       | <b>Charges for<br/>Services</b> | <b>Operating<br/>Grants and<br/>Contributions</b> | <b>Capital<br/>Grants and<br/>Contributions</b> | <b>Primary<br/>Government<br/>Governmental<br/>Activities</b> | <b>Component<br/>Units<br/>Charter<br/>Schools</b> |
| <b>Primary government</b>             |                       |                                 |   |   |   |  |
| Governmental activities               |                       |                                 |   |   |   |  |
| Instruction                           | \$ 73,810,829         | \$ 2,996,028                    | \$ 12,159,925                                     | \$ 704,005                                      | \$ (57,950,871)   | \$ -   |
| Supporting services                   | 55,862,491            | 9,458,699                       | 1,363,011   | -   | (45,040,781)  | -  |
| Community services                    | 3,110                 | -                               | -   | -   | (3,110)   | -  |
| Facilities acquisition & construction | 2,313,108             | -                               | -   | -   | (2,313,108)   | -  |
| Food Service                          | 3,450,685             | 1,570,844                       | 2,068,071   | -   | 188,230   | -  |
| Interest and fiscal charges           | 4,957,824             | -                               | -   | -   | (4,957,824)   | -  |
| Total governmental activities         | <u>\$ 140,398,047</u> | <u>\$ 14,025,571</u>            | <u>\$ 15,591,007</u>                              | <u>\$ 704,005</u>                               | <u>(110,077,464)</u>  | <u>-</u>   |
| <b>Component units</b>                |                       |                                 |   |   |   |  |
| Charter schools                       | <u>\$ 52,265,472</u>  | <u>\$ 3,354,688</u>             | <u>\$ 1,815,875</u>                               | <u>\$ 697,410</u>                               |   | <u>(46,397,499)</u>                                |
| General revenues:                     |                       |                                 |   |   |   |  |
| Property taxes                        |                       |                                 |   |   | 33,364,551  | 90,907   |
| Specific ownership taxes              |                       |                                 |   |   | 3,676,411   | -  |
| State equalization                    |                       |                                 |   |   | 65,914,912  | -  |
| Per pupil revenue                     |                       |                                 |   |   | -   | 50,915,353   |
| Investment earnings                   |                       |                                 |   |   | 84,202  | 81,731   |
| Miscellaneous                         |                       |                                 |   |   | 474,011   | 1,059,352  |
| Total general revenues                |                       |                                 |   |   | <u>103,514,087</u>  | <u>52,147,343</u>                                  |
| Change in net position                |                       |                                 |   |   | (6,563,377)   | 5,749,844  |
| Net position - beginning, as restated |                       |                                 |   |   | <u>(75,558,879)</u>   | <u>(33,661,919)</u>                                |
| Net position - ending                 |                       |                                 |   |   | <u>\$ (82,122,256)</u>  | <u>\$ (27,912,075)</u>                             |

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

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

|   | <b>General Fund</b>  | <b>Bond<br/>Redemption<br/>Fund</b> | <b>Total<br/>Nonmajor<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|----------------------|-------------------------------------|-------------------------------------|---|
| <b>ASSETS</b>   |                      |                                     |                                     |   |
| Cash and cash equivalents   | \$ 25,472,501        | \$ -                                | \$ 334,028                          | \$ 25,806,529                           |
| Restricted cash and cash equivalents                                | 8,505,234            | 7,894,716                           | -                                   | 16,399,950                              |
| Accounts receivable   | 290,362              | -                                   | 26,593                              | 316,955                                 |
| Grants receivable   | -                    | -                                   | 1,250,305                           | 1,250,305                               |
| Taxes receivable  | 902,632              | 174,659                             | -                                   | 1,077,291                               |
| Receivable from fiduciary funds                                     | 938,481              | -                                   | -                                   | 938,481                                 |
| Due from other funds  | 100,397              | -                                   | 2,685,162                           | 2,785,559                               |
| Inventories   | -                    | -                                   | 183,162                             | 183,162                                 |
|   | <u>-</u>             | <u>-</u>                            | <u>183,162</u>                      | <u>183,162</u>                          |
| Total assets  | <u>\$ 36,209,607</u> | <u>\$ 8,069,375</u>                 | <u>\$ 4,479,250</u>                 | <u>\$ 48,758,232</u>                    |
| <b>LIABILITIES</b>  |                      |                                     |                                     |   |
| Accounts payable and other accrued liabilities                      | \$ 1,025,083         | \$ -                                | \$ 425,933                          | \$ 1,451,016                            |
| Accrued salaries and benefits                                       | 9,668,340            | -                                   | 254,002                             | 9,922,342                               |
| Compensated absences  | 137,145              | -                                   | 2,423                               | 139,568                                 |
| Payable to fiduciary funds  | 1,022                | -                                   | 810,369                             | 811,391                                 |
| Due to other funds  | 4,134,353            | 65,751                              | 34,646                              | 4,234,750                               |
| Unearned revenue  | 143,166              | -                                   | 744,891                             | 888,057                                 |
|   | <u>15,109,109</u>    | <u>65,751</u>                       | <u>2,272,264</u>                    | <u>17,447,124</u>                       |
| Total liabilities   | <u>15,109,109</u>    | <u>65,751</u>                       | <u>2,272,264</u>                    | <u>17,447,124</u>                       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |                      |                                     |                                     |   |
| Unavailable revenue-property taxes                                  | <u>335,977</u>       | <u>98,860</u>                       | <u>-</u>                            | <u>434,837</u>                          |
| Total deferred inflows of resources                                 | <u>335,977</u>       | <u>98,860</u>                       | <u>-</u>                            | <u>434,837</u>                          |
| <b>FUND BALANCES</b>  |                      |                                     |                                     |   |
| Nonspendable  | -                    | -                                   | 183,162                             | 183,162                                 |
| Restricted for:   |                      |                                     |                                     |   |
| Emergency reserve (TABOR)   | 3,320,000            | -                                   | -                                   | 3,320,000                               |
| Debt service  | 7,725,410            | 7,904,764                           | -                                   | 15,630,174                              |
| Preschool   | 72,869               | -                                   | -                                   | 72,869                                  |
| Committed for:  |                      |                                     |                                     |   |
| Risk management   | 380,653              | -                                   | -                                   | 380,653                                 |
| Capital projects  | 1,286,850            | -                                   | 419,545                             | 1,706,395                               |
| Contingencies   | 5,972,414            | -                                   | -                                   | 5,972,414                               |
| Assigned for:   |                      |                                     |                                     |   |
| Food Services   | -                    | -                                   | 1,248,153                           | 1,248,153                               |
| Pupil activities  | -                    | -                                   | 356,126                             | 356,126                                 |
| Unassigned  | <u>2,006,325</u>     | <u>-</u>                            | <u>-</u>                            | <u>2,006,325</u>                        |
| Total fund balances   | <u>20,764,521</u>    | <u>7,904,764</u>                    | <u>2,206,986</u>                    | <u>30,876,271</u>                       |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 36,209,607</u> | <u>\$ 8,069,375</u>                 | <u>\$ 4,479,250</u>                 | <u>\$ 48,758,232</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, 2016**

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

|   |                               |
|---|-------------------------------|
| Total fund balance - governmental funds   | \$ 30,876,271                 |
| 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.   | 147,212,998                   |
| 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.                                    | 434,837                       |
| 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.   | 6,134,791                     |
| 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. | 2,055,615                     |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred outflows of resources.   | 27,806,735                    |
| Accrued interest is not due and payable in the current period, and therefore is not reported as a liability in the funds.   | (135,946)                     |
| Net pension liability is not due and payable in the current period and, therefore, are not reported in the funds.   | (201,734,357)                 |
| Other long-term liabilities are not due and payable in the current period and, therefore, are reported as deferred inflows of resources.  | (3,050,337)                   |
| 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>(91,722,863)</u>           |
| Net position of governmental activities   | <u><u>\$ (82,122,256)</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, 2016**

|   | <b>General Fund</b> | <b>Bond<br/>Redemption<br/>Fund</b> | <b>Total<br/>Nonmajor<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|---------------------|-------------------------------------|-------------------------------------|---|
| <b>REVENUES</b>                                   |                     |                                     |                                     |   |
| Local sources                                     | \$ 33,957,632       | \$ 7,607,170                        | \$ 3,786,268                        | \$ 45,351,070                           |
| State sources                                     | 72,949,704          | -                                   | 579,454                             | 73,529,158                              |
| Federal sources                                   | 476,349             | -                                   | 6,865,190                           | 7,341,539                               |
| Total revenues                                    | 107,383,685         | 7,607,170                           | 11,230,912                          | 126,221,767                             |
| <b>EXPENDITURES</b>                               |                     |                                     |                                     |   |
| Instruction                                       | 57,972,601          | -                                   | 4,606,336                           | 62,578,937                              |
| Supporting services                               | 40,691,327          | -                                   | 2,929,415                           | 43,620,742                              |
| Community services                                | 1,846               | -                                   | 1,264                               | 3,110                                   |
| Facilities acquisition and construction           | 2,292,721           | -                                   | -                                   | 2,292,721                               |
| Food Service                                      | -                   | -                                   | 3,450,686                           | 3,450,686                               |
| Debt service                                      | 6,139,829           | 4,787,504                           | -                                   | 10,927,333                              |
| Total expenditures                                | 107,098,324         | 4,787,504                           | 10,987,701                          | 122,873,529                             |
| Excess (deficiency) of revenues over expenditures | 285,361             | 2,819,666                           | 243,211                             | 3,348,238                               |
| <b>OTHER FINANCING<br/>SOURCES (USES)</b>         |                     |                                     |                                     |   |
| Transfers in (out)                                | (420,844)           | -                                   | 420,844                             | -                                       |
| Refunding bond proceeds                           | -                   | 8,780,000                           | -                                   | 8,780,000                               |
| Payment to refunded bond escrow agent             | -                   | (19,472,793)                        | -                                   | (19,472,793)                            |
| Total other financing sources (uses)              | (420,844)           | (10,692,793)                        | 420,844                             | (10,692,793)                            |
| Net change in fund balances                       | (135,483)           | (7,873,127)                         | 664,055                             | (7,344,555)                             |
| Fund balances - beginning, as restated            | 20,900,004          | 15,777,891                          | 1,542,931                           | 38,220,826                              |
| Fund balances - ending                            | \$ 20,764,521       | \$ 7,904,764                        | \$ 2,206,986                        | \$ 30,876,271                           |

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, 2016**

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

|   |                              |
|---|------------------------------|
| Net change in fund balances - total governmental funds:   | \$ (7,344,555)               |
| 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 depreciation exceeded capital outlays in the current period.  | (5,026,882)                  |
| 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.  | (35,437)                     |
| 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.  | (266,015)                    |
| Interest expense is reported when incurred in the statement of activities but is not reported in the funds until paid.  | 87,391                       |
| 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. | 16,572,701                   |
| 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.  | 13,395                       |
| 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>(10,563,975)</u>          |
| Change in net position of governmental activities   | <u><u>\$ (6,563,377)</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, 2016**

|                           | <b>Governmental<br/>Activities</b> |
|---------------------------|------------------------------------|
|                           | <b>Internal<br/>Service Fund</b>   |
| <b>ASSETS</b>             |                                    |
| Current assets            |                                    |
| Cash and cash equivalents | \$ 1,125,894                       |
| Due from other funds      | <u>1,449,191</u>                   |
| Total current assets      | <u>2,575,085</u>                   |
| <b>LIABILITIES</b>        |                                    |
| Current liabilities       |                                    |
| Accounts payable          | <u>519,470</u>                     |
| Total current liabilities | <u>519,470</u>                     |
| <b>NET POSITION</b>       |                                    |
| Unrestricted              | <u>2,055,615</u>                   |
| Total net position        | <u><u>\$ 2,055,615</u></u>         |

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, 2016**

|  | <u><b>Governmental<br/>Activities<br/>Internal<br/>Service Fund</b></u> |
|--|---|
| <b>OPERATING REVENUES</b>                |   |
| Charges for services                     | \$ 8,433,819  |
| Total operating revenues                 | <u>8,433,819</u>  |
| <b>OPERATING EXPENSES</b>                |   |
| Purchased services                       | <u>8,705,066</u>  |
| Total operating expenses                 | <u>8,705,066</u>  |
| Operating income (loss)                  | <u>(271,247)</u>  |
| <b>NON-OPERATING REVENUES (EXPENSES)</b> |   |
| Interest and investment revenue          | <u>5,232</u>  |
| Total non-operating revenue (expenses)   | <u>5,232</u>  |
| Change in net position                   | (266,015)   |
| Net position - beginning                 | <u>2,321,630</u>  |
| Net position - ending                    | <u><u>\$ 2,055,615</u></u>  |

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, 2016**

|   | <b>Governmental<br/>Activities<br/>Internal<br/>Service Fund</b> |
|---|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |  |
| Cash received from customers and users  | \$ 9,074,500   |
| Cash payments to suppliers  | <u>(8,632,469)</u>   |
| Net cash provided (used) by operating activities  | <u>442,031</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |  |
| Interest received   | <u>5,232</u>   |
| Net cash provided (used) by investing activities  | <u>5,232</u>   |
| Net increase (decrease) in cash and cash equivalents  | 447,263  |
| Cash and cash equivalents - beginning   | <u>678,631</u>   |
| Cash and cash equivalents - ending  | <u><u>\$ 1,125,894</u></u>                                       |
| <b>Reconciliation of operating income (loss) to<br/>net cash provided (used) by operating activities:</b> |  |
| Operating income (loss)   | <u>\$ (271,247)</u>  |
| Adjustments to reconcile operating income to<br>net cash provided by operating activities:                |  |
| Change in assets and liabilities:   |  |
| (Increase) decrease in:   |  |
| Due from other funds  | 243,784  |
| Increase (decrease) in:   |  |
| Accounts payable  | 72,596   |
| Interfund payable   | <u>396,898</u>   |
| Total adjustments   | <u>713,278</u>   |
| Net cash provided (used) by operating activities  | <u><u>\$ 442,031</u></u>   |

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, 2016**

|  | <b>Private-<br/>Purpose<br/>Trust Fund</b> | <b>Agency Fund</b> |
|--|--|--------------------|
| <b>ASSETS</b>                            |  |                    |
| Cash and cash equivalents                | \$ 5,111                                   | \$ 859,041         |
| Receivable from primary government       | 1,022                                      | -                  |
|  | <hr/>                                      | <hr/>              |
| Total assets                             | 6,133                                      | 859,041            |
|  | <hr/>                                      | <hr/>              |
| <b>LIABILITIES</b>                       |  |                    |
| Accounts payable                         | -  | 11,985             |
| Payable to primary government            | -  | 128,112            |
| Due to student organizations             | -  | 718,944            |
|  | <hr/>                                      | <hr/>              |
| Total liabilities                        | -  | \$ 859,041         |
|  | <hr/>                                      | <hr/>              |
| <b>NET POSITION</b>                      |  |                    |
| Held in trust for scholarship recipients | 6,133                                      |                    |
|  | <hr/>                                      |                    |
| Total net position                       | \$ 6,133                                   |                    |
|  | <hr/>                                      |                    |

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 2016**

|                          | <b>Private-<br/>Purpose<br/>Trust Fund</b> |
|--------------------------|--|
| <b>ADDITIONS</b>         |  |
| Fundraising activities   | \$ 23                                      |
| Total additions          | <u>23</u>                                  |
| <b>DEDUCTIONS</b>        |  |
| Scholarship awards       | <u>1,000</u>                               |
| Total deductions         | <u>1,000</u>                               |
| Change in net position   | (977)                                      |
| Net position - beginning | <u>7,110</u>                               |
| Net position - ending    | <u><u>\$ 6,133</u></u>                     |

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, 2016**

|   | Pikes Peak<br>School of<br>Expeditionary<br>Learning | Banning<br>Lewis Ranch<br>Academy | Rocky<br>Mountain<br>Classical<br>Academy | The Imagine<br>Classical<br>Academy | GOAL<br>Academy | Total           |
|---|--|-----------------------------------|---|-------------------------------------|-----------------|-----------------|
| <b>ASSETS</b>   |  |                                   |   |                                     |                 |                 |
| Cash and cash equivalents                               | \$ 1,785,373   | \$ 2,015,920                      | \$ 1,676,681                              | \$ 1,448,907                        | \$ 10,411,259   | \$ 17,338,140   |
| Restricted cash and cash equivalents                    | 109,047  | 963,004                           | -   | -                                   | -               | 1,072,051       |
| Investments   | -  | -                                 | 5,060,675                                 | -                                   | -               | 5,060,675       |
| Receivables   | -  | -                                 | 22,214                                    | -                                   | 323,204         | 345,418         |
| Prepaid expenses  | -  | 30,747                            | 215,158                                   | -                                   | 326,251         | 572,156         |
| Deposits  | -  | -                                 | 16,210                                    | -                                   | 67,197          | 83,407          |
| Intergovernmental receivables                           | -  | 27,217                            | -   | -                                   | 147,706         | 174,923         |
| Capital assets, not being depreciated                   | 548,380  | -                                 | 1,693,591                                 | -                                   | 38,535          | 2,280,506       |
| Capital assets, net of depreciation                     | 4,353,655  | 5,554,510                         | 20,951,678                                | -                                   | 2,137,972       | 32,997,815      |
| Total assets  | 6,796,455  | 8,591,398                         | 29,636,207                                | 1,448,907                           | 13,452,124      | 59,925,091      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                   |  |                                   |   |                                     |                 |                 |
| Loss on Debt Refunding, Net of Accumulated Depreciation | 864,319  | -                                 | -   | -                                   | -               | 864,319         |
| Deferred pension outflows                               | 526,632  | -                                 | 1,224,821                                 | 1,200,301                           | 4,070,083       | 7,021,837       |
| Total deferred outflows of resources                    | 1,390,951  | -                                 | 1,224,821                                 | 1,200,301                           | 4,070,083       | 7,886,156       |
| <b>LIABILITIES</b>                                      |  |                                   |   |                                     |                 |                 |
| Accounts payable and other current liabilities          | 32,905   | 332,140                           | 139,146                                   | 1,926                               | 805,202         | 1,311,319       |
| Accrued salaries and benefits                           | 113,495  | 153,109                           | 207,776                                   | -                                   | 481,449         | 955,829         |
| Accrued interest  | 18,052   | 17,458                            | 731,211                                   | -                                   | -               | 766,721         |
| Unearned revenues                                       | 1,185  | -                                 | 199,053                                   | 2,890                               | -               | 203,128         |
| Long-term liabilities                                   |  |                                   |   |                                     |                 |                 |
| Due within one year                                     | 155,988  | 170,000                           | 210,000                                   | -                                   | -               | 535,988         |
| Due in more than one year                               | 6,033,148  | 6,785,000                         | 27,208,402                                | -                                   | -               | 40,026,550      |
| Net Pension Liability                                   | 3,739,405  | -                                 | 8,078,614                                 | 6,537,298                           | 31,072,119      | 49,427,436      |
| Total liabilities                                       | 10,094,178   | 7,457,707                         | 36,774,202                                | 6,542,114                           | 32,358,770      | 93,226,971      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                    |  |                                   |   |                                     |                 |                 |
| Deferred pension inflows                                | 57,465   | -                                 | 442,466                                   | 92,656                              | 1,582,301       | 2,174,888       |
| Unavailable revenue - Summit Settlement                 | -  | -                                 | -   | -                                   | 321,463         | 321,463         |
| Total deferred inflows of resources                     | 57,465   | -                                 | 442,466                                   | 92,656                              | 1,903,764       | 2,496,351       |
| <b>NET POSITION</b>                                     |  |                                   |   |                                     |                 |                 |
| Net investment in capital assets                        | (422,782)  | (1,730,100)                       | (4,699,153)                               | -                                   | 2,176,507       | (4,675,528)     |
| Restricted for:   |  |                                   |   |                                     |                 |                 |
| Emergency reserve - TABOR                               | 91,000   | 165,000                           | 284,500                                   | 173,000                             | 894,700         | 1,608,200       |
| Repairs and replacement                                 | -  | 226,875                           | -   | -                                   | -               | 226,875         |
| Debt service  | 90,995   | 656,091                           | 2,554,996                                 | -                                   | -               | 3,302,082       |
| Unrestricted  | (1,723,450)  | 1,815,825                         | (4,495,983)                               | (4,158,562)                         | (19,811,534)    | (28,373,704)    |
| Total net position                                      | \$ (1,964,237)                                       | \$ 1,133,691                      | \$ (6,355,640)                            | \$ (3,985,562)                      | \$ (16,740,327) | \$ (27,912,075) |

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, 2016**

|                                       | Pikes Peak<br>School of<br>Expeditionary<br>Learning | Banning<br>Lewis Ranch<br>Academy | Rocky<br>Mountain<br>Classical<br>Academy | The Imagine<br>Classical<br>Academy | GOAL<br>Academy | Total           |
|---------------------------------------|--|-----------------------------------|---|-------------------------------------|-----------------|-----------------|
| <b>EXPENSES</b>                       |  |                                   |   |                                     |                 |                 |
| Instruction                           | \$ 1,799,609   | \$ 2,599,865                      | \$ 4,337,031                              | \$ 2,795,166                        | \$ 13,701,001   | \$ 25,232,672   |
| Supporting services                   | 591,447  | 2,743,921                         | 4,807,246                                 | 3,574,342                           | 11,401,752      | 23,118,708      |
| Interest and fiscal charges           | 667,818  | 565,455                           | 2,680,819                                 | -                                   | -               | 3,914,092       |
| Total expenses                        | 3,058,874  | 5,909,241                         | 11,825,096                                | 6,369,508                           | 25,102,753      | 52,265,472      |
| <b>PROGRAM REVENUES</b>               |  |                                   |   |                                     |                 |                 |
| Charges for services                  | 148,603  | 83,039                            | 2,711,730                                 | 411,316                             | -               | 3,354,688       |
| Operating grants and contributions    | 16,306   | 36,218                            | 169,164                                   | 80,635                              | 1,513,552       | 1,815,875       |
| Capital grants and contributions      | -  | 185,493                           | 315,437                                   | 195,643                             | 837             | 697,410         |
| Total program revenues                | 164,909  | 304,750                           | 3,196,331                                 | 687,594                             | 1,514,389       | 5,867,973       |
| Net expense (revenue)                 | (2,893,965)  | (5,604,491)                       | (8,628,765)                               | (5,681,914)                         | (23,588,364)    | (46,397,499)    |
| <b>GENERAL REVENUES</b>               |  |                                   |   |                                     |                 |                 |
| Property Tax                          | -  | 90,907                            | -   | -                                   | -               | 90,907          |
| Per pupil operating revenue           | 2,799,013  | 5,099,426                         | 8,794,869                                 | 5,333,635                           | 28,888,410      | 50,915,353      |
| Investment earnings                   | 4,275  | 2,483                             | 74,973                                    | -                                   | -               | 81,731          |
| Miscellaneous                         | 173,037  | 597,149                           | 118,690                                   | 12,796                              | 157,680         | 1,059,352       |
| Total general revenues                | 2,976,325  | 5,789,965                         | 8,988,532                                 | 5,346,431                           | 29,046,090      | 52,147,343      |
| Change in net position                | 82,360   | 185,474                           | 359,767                                   | (335,483)                           | 5,457,726       | 5,749,844       |
| Net position - beginning, as restated | (2,046,597)  | 948,217                           | (6,715,407)                               | (3,650,079)                         | (22,198,053)    | (33,661,919)    |
| Net position - ending                 | \$ (1,964,237)                                       | \$ 1,133,691                      | \$ (6,355,640)                            | \$ (3,985,562)                      | \$ (16,740,327) | \$ (27,912,075) |

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

## **NOTES TO FINANCIAL STATEMENTS**

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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 five charter schools for operation. Pikes Peak School of Expeditionary Learning, Banning Lewis Ranch Academy, Rocky Mountain Classical Academy, The Imagine Classical Academy, and Guided Online Academic Learning (GOAL) Academy 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, 2016 is as follows:

| <u>Charter School</u>                       | <u>Amount</u>        |
|---|----------------------|
| Pikes Peak School of Expeditionary Learning | \$ 2,799,138         |
| Banning Lewis Ranch Academy                 | 5,099,543            |
| Rocky Mountain Classical Academy            | 8,797,009            |
| The Imagine Classical Academy               | 5,145,335            |
| GOAL Academy                                | <u>28,888,410</u>    |
|   | <u>\$ 50,729,435</u> |

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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

The Imagine Classical Academy  
6464 Peterson Road  
Colorado Springs, CO 80923

GOAL Academy  
107 W. 11<sup>th</sup> Street  
Pueblo, CO 80204

*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, 2016**

**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 *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.

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 *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.

The *Capital Projects Fund* is used to account for the purposes of acquisition of sites, buildings, equipment, and vehicles.

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

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*Fiduciary Funds* account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

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.

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.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

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.

*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.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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 (continued)*

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 valued at their estimated fair market 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, 2016**

**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, 2016**

**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, 2016**

**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, 2016 is 34.476 mills for general operating expenses and 10.159 mills for the payment of long-term debt. The District's assessed valuation for the collection year 2016 is \$751,972,470.

*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.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*G. REVENUES AND EXPENDITURES/EXPENSES (CONTINUED)*

*Compensated Absences (continued)*

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.

*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.



**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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  | \$ 16,651,534         |
| Net depreciable assets  | <u>130,561,464</u>    |
| Net adjustment to <i>total fund balances—governmental funds</i> to arrive at<br><i>total net position—governmental activities</i> | <u>\$ 147,212,998</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   | \$ (12,305,000)        |
| Unamortized bond premium  | (41,754)               |
| Certificates of Participation   | (68,345,000)           |
| COP Premium   | (6,019,165)            |
| Capital Lease Obligations   | (4,049,924)            |
| Compensated Absences  | <u>(962,020)</u>       |
| Net adjustment to <i>total fund balances—governmental funds</i> to arrive at<br><i>net position—governmental activities</i> | <u>\$ (91,722,863)</u> |

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  | \$ (7,153,962)        |
| Capital outlays   | <u>2,127,080</u>      |
| Net adjustment to <i>net change in fund balances—governmental funds</i><br>to arrive at <i>change in net position—governmental activities</i> | <u>\$ (5,026,882)</u> |

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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:

|   |                      |
|---|----------------------|
| Payment to refunded bond escrow agent   | \$ 19,472,793        |
| Bond proceeds   | (8,780,000)          |
| General obligation bonds principal payments   | 4,155,000            |
| Certificates of participation principal payments  | 2,230,000            |
| Capital Lease principal payments  | 471,505              |
| Amortization of deferred on refunding   | (985,416)            |
| Accretion of bond and COP premiums  | 412,180              |
| Interest paid by refunding proceeds   | <u>(403,361)</u>     |
| Net adjustment to <i>net change in fund balances—governmental funds</i> to<br>arrive at <i>change in net position—governmental activities</i> | <u>\$ 16,572,701</u> |

**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.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 4 – DEPOSITS AND INVESTMENTS**

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

|              |                      |
|--------------|----------------------|
| Cash on Hand | \$ 500               |
| Deposits     | 1,821,855            |
| Investments  | <u>42,374,170</u>    |
|              | <u>\$ 44,196,525</u> |

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

|                                      |                      |
|--------------------------------------|----------------------|
| Cash and Cash Equivalents            | \$ 26,932,423        |
| Restricted Cash and Cash Equivalents | 16,399,950           |
| Fiduciary Funds                      | <u>864,152</u>       |
|                                      | <u>\$ 44,196,525</u> |

*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, 2016 was \$1,821,855 and the bank balances were \$2,477,954. Of the bank balances, \$1,250,000 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, 2016**

**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.

At June 30, 2016 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 | \$ 32,933,412        |
| Fidelity Investments Government Portfolio Fund | Less than 60 days | 1,918,207            |
| JP Morgan US Govt Money Market                 | Less than 60 days | 7,120,607            |
| Commercial Paper                               | Less than 60 days | <u>401,944</u>       |
|  |                   | <u>\$ 42,374,170</u> |

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, 2016 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.

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.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)**

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.

*Restricted cash and investments*

Cash and investments of \$16,399,951 representing reserves for debt service of \$7,894,716 in the Bond Redemption fund, and mill levy override funds of \$8,460,734, and other reserves of \$44,501 have been restricted for pre-school activities in the General fund.

**NOTE 5 – 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, 2016 is as follows:

|   | <u>Due From<br/>Other Funds</u> | <u>Due To<br/>Other Funds</u> |
|---|---------------------------------|-------------------------------|
| General Fund                                | \$ 100,397                      | \$ 4,134,353                  |
| Bond Redemption Fund                        | -                               | 65,751                        |
| Food Service Fund                           | 997,221                         | -                             |
| Governmental Designated Purpose Grants Fund | 287,836                         | -                             |
| Pupil Activity Fund                         | 1,151,937                       | -                             |
| Transportation Fund                         | -                               | 30,977                        |
| Kids Corner Fund                            | -                               | 3,669                         |
| Capital Projects Fund                       | 248,168                         | -                             |
| Risk Management – Health Insurance Fund     | <u>1,449,191</u>                | <u>-</u>                      |
|   | <u>\$ 4,234,750</u>             | <u>\$ 4,234,750</u>           |

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)**

*Interfund transfers*

Interfund transfer activity for the year ended June 30, 2016 is as follows:

|                     | <u>Transfers From<br/>Other Funds</u> | <u>Transfers To<br/>Other Funds</u> |
|---------------------|---------------------------------------|-------------------------------------|
| General Fund        | \$ -                                  | \$ 420,844                          |
| Pupil Activity Fund | 125,191                               | -                                   |
| Transporation Fund  | <u>295,653</u>                        | <u>-</u>                            |
|                     | <u>\$ 420,844</u>                     | <u>\$ 420,844</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 6 - CAPITAL ASSETS**

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

|   | <u>Balance<br/>06/30/15</u> | <u>Increases</u>      | <u>Decreases</u>   | <u>Balance<br/>06/30/16</u> |
|---|-----------------------------|-----------------------|--------------------|-----------------------------|
| <u>Governmental activities</u>              |                             |                       |                    |                             |
| Capital assets not being depreciated:       |                             |                       |                    |                             |
| Land  | \$ 15,765,500               | \$ -                  | \$ -               | \$ 15,765,500               |
| Construction in progress                    | <u>566,067</u>              | <u>377,517</u>        | <u>(57,550)</u>    | <u>886,034</u>              |
| Total capital assets not being depreciated  | <u>16,331,567</u>           | <u>377,517</u>        | <u>(57,550)</u>    | <u>16,651,534</u>           |
| Capital assets being depreciated:           |                             |                       |                    |                             |
| Buildings and improvements                  | 196,929,734                 | 794,412               | -                  | 197,724,146                 |
| Equipment                                   | <u>20,029,768</u>           | <u>1,012,701</u>      | <u>-</u>           | <u>21,042,469</u>           |
| Total capital assets being depreciated      | <u>216,959,502</u>          | <u>1,807,113</u>      | <u>-</u>           | <u>218,766,615</u>          |
| Less accumulated depreciation for:          |                             |                       |                    |                             |
| Buildings and improvements                  | (64,183,206)                | (6,033,804)           | -                  | (70,217,010)                |
| Equipment                                   | <u>(16,867,983)</u>         | <u>(1,120,158)</u>    | <u>-</u>           | <u>(17,988,141)</u>         |
| Total accumulated depreciation              | <u>(81,051,189)</u>         | <u>(7,153,962)</u>    | <u>-</u>           | <u>(88,205,151)</u>         |
| Total capital assets being depreciated, net | <u>135,908,313</u>          | <u>(5,346,849)</u>    | <u>-</u>           | <u>130,561,464</u>          |
| Governmental activities capital assets, net | <u>\$ 152,239,880</u>       | <u>\$ (4,969,332)</u> | <u>\$ (57,550)</u> | <u>\$ 147,212,998</u>       |

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

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

*Governmental Activities*

|                           |                     |
|---------------------------|---------------------|
| Instruction               | \$ 6,249,025        |
| General Administration    | 497,986             |
| Operation and Maintenance | 47,804              |
| Student Transportation    | 337,658             |
| Central Services          | <u>21,489</u>       |
|                           | <u>\$ 7,153,962</u> |

**NOTE 7 – 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, 2016, are \$9,922,342. Accordingly, the accrued compensation is reflected as a liability in the accompanying Government-Wide Statement of Net Position.

**NOTE 8 - 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, 2016 are as follows:

|   | <u>Principal<br/>Balance</u> |
|---|------------------------------|
| \$12,675,000 of general obligation refunding bonds series 2006B; interest due semi-annually with rates ranging from 4.0% to 5.0%, principal due annually through 2017 in payments of \$1,195,000 to \$1,820,000. Proceeds were used to advance refund a portion of 1999A series bonds.          | \$ 1,675,000                 |
| \$23,315,000 of general obligation refunding bonds series 2006; interest due semi-annually with rates ranging from 3.55% to 5.0%, principal due annually through 2017 in payments of \$1,800,000 to \$2,855,000. Proceeds were used to advance refund a portion of 2002 series bonds.           | 2,250,000                    |
| \$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. | <u>8,380,000</u>             |
|   | <u>\$ 12,305,000</u>         |

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

Annual debt service requirements to maturity for general obligation bonds are as follows:

| Fiscal Year<br>Ending June 30 | Governmental Activities |                   |
|-------------------------------|-------------------------|-------------------|
|                               | Principal               | Interest          |
| 2017                          | \$ 7,345,000            | \$ 175,172        |
| 2018                          | <u>4,960,000</u>        | <u>32,438</u>     |
| Total                         | <u>\$ 12,305,000</u>    | <u>\$ 207,610</u> |

*Legal Debt Margin*

|  |                       |
|--|-----------------------|
| Assessed valuation                     | <u>\$ 751,972,470</u> |
| Debt limit – 20% of assessed valuation | 150,394,494           |
| General obligation debt                | <u>12,305,000</u>     |
|  | <u>\$ 138,089,494</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.

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

| Fiscal Year<br>Ending June 30 | Principal            | Interest             |
|-------------------------------|----------------------|----------------------|
|                               |                      |                      |
| 2017                          | \$ 1,705,000         | \$ 2,878,287         |
| 2018                          | 1,740,000            | 2,826,438            |
| 2019                          | 1,810,000            | 2,755,437            |
| 2020                          | 1,880,000            | 2,672,238            |
| 2021                          | 1,975,000            | 2,575,862            |
| 2022-2026                     | 11,165,000           | 11,590,375           |
| 2027-2031                     | 14,100,000           | 8,574,813            |
| 2032-2036                     | 17,495,000           | 5,150,006            |
| 2037-2040                     | <u>16,475,000</u>    | <u>1,567,488</u>     |
| Total                         | <u>\$ 68,345,000</u> | <u>\$ 40,590,944</u> |



**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

*Advance Refunding*

The District issued \$8,780,000 in Refunding Bonds, Series 2015 with interest rates ranging from .655% to 1.308%. The proceeds plus \$11,000,000 of existing cash reserves were used to advance refund \$13,909,532 of outstanding 2006 Bonds which had interest rates ranging from 3.55% to 5.0%, \$3,789,947 of outstanding 2006B Bonds which had interest rates ranging from 4.0% to 5.0%, and \$1,773,314 of outstanding 2013 Bonds which had interest rates ranging from 2.0% to 4.0%. The net proceeds of \$19,780,000 (including \$11,000,000 funds on hand, and after payment of \$307,207 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded Bonds. As a result, the 2006, 2006B and 2013 Bonds are considered defeased and the liability for those Bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,284,334. This amount is being amortized over the remaining life of the refunding debt. The government advance refunded the 2006, 2006B, and 2013 Bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,148,803.

*Prior Year Defeasance of Debt*

In prior years, the District has defeased various bond and certificate of participation issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the District's government-wide financial statements. As of June 30, 2016, the amount of defeased debt outstanding amounted to \$115,070,000.

*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 \$13,115,955 have been capitalized under these leases.

Assets acquired through capital leases are as follows:

|                                | <u>Governmental<br/>Activities</u> |
|--------------------------------|------------------------------------|
| Buildings and improvements     | \$ 11,649,071                      |
| Equipment                      | 1,466,884                          |
| Less: Accumulated depreciation | <u>(6,218,827)</u>                 |
| Total                          | <u>\$ 6,897,128</u>                |

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

*Capital Leases (Continued)*

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, were as follows

| <u>Year Ending June 30</u>              |                     |
|---|---------------------|
| 2017                                    | \$ 443,834          |
| 2018                                    | 443,834             |
| 2019                                    | 443,834             |
| 2020                                    | 443,834             |
| 2021                                    | 443,834             |
| 2022 – 2026                             | 2,219,170           |
| 2027 – 2030                             | <u>1,266,876</u>    |
| Total minimum lease payments            | 5,705,216           |
| Less: amount representing interest      | <u>(1,655,292)</u>  |
| Present value of minimum lease payments | <u>\$ 4,049,924</u> |

*Changes in Long-Term Liabilities*

The following is a summary of long-term liabilities of the District for the year ended June 30, 2016:

|                                      | <u>Balance</u><br><u>06/30/15</u> | <u>Debt Issued</u><br><u>And Additions</u> | <u>Reductions</u>    | <u>Balance</u><br><u>06/30/16</u> | <u>Due Within</u><br><u>One year</u> |
|--------------------------------------|-----------------------------------|--|----------------------|-----------------------------------|--------------------------------------|
| <i>Governmental Activities</i>       |                                   |  |                      |                                   |                                      |
| General obligation bonds             | \$ 26,020,000                     | \$ 8,780,000                               | \$ 22,495,000        | \$ 12,305,000                     | \$ 7,345,000                         |
| Bond premiums                        | <u>672,351</u>                    | <u>-</u>                                   | <u>630,597</u>       | <u>41,754</u>                     | <u>-</u>                             |
| Total bonds payable                  | 26,692,351                        | 8,780,000                                  | 23,125,597           | 12,346,754                        | 7,345,000                            |
| Certificates of participation        | 70,575,000                        | -  | 2,230,000            | 68,345,000                        | 1,705,000                            |
| COP premium                          | 6,269,965                         | -  | 250,800              | 6,019,165                         | -                                    |
| Capital lease obligations            | 4,521,429                         | -  | 471,505              | 4,049,924                         | 223,633                              |
| Compensated absences                 | <u>975,415</u>                    | <u>1,825,831</u>                           | <u>1,699,658</u>     | <u>1,101,588</u>                  | <u>139,568</u>                       |
| <i>Total Governmental Activities</i> | <u>\$ 109,034,160</u>             | <u>\$ 10,605,831</u>                       | <u>\$ 27,777,560</u> | <u>\$ 91,862,431</u>              | <u>\$ 9,413,201</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.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 9 - 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, 2016 are as follows:

|                                    |                    |
|------------------------------------|--------------------|
| Net claims payable as of 6/30/2015 | \$ 446,873         |
| Claims presented                   | 7,135,897          |
| Claims paid                        | <u>(7,063,300)</u> |
| Net claims payable as of 6/30/2016 | <u>\$ 519,470</u>  |

**NOTE 10 – 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 11 - 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](http://www.copera.org/investments/pera-financial-reports).

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*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.

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.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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 \$10,567,570 for the year ended June 30, 2016.

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

At June 30, 2016, the El Paso County School District 49 reported a liability of \$201,734,357 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The 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 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the El Paso County School District 49's proportion was 1.3190171248 percent, which was an increase of 0.0135199159 percent from its proportion measured as of December 31, 2014.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

For the year ended June 30, 2016, the El Paso County School District 49 recognized pension expense of \$21,131,544. At June 30, 2016, 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<br/>Resources</u> | <u>Deferred Inflows of<br/>Resources</u> |
|---|---|--|
| Difference between expected and actual experience   | \$ 2,663,927                              | \$ 8,402                                 |
| Changes of assumptions or other inputs  | -   | 2,850,858                                |
| Net difference between projected and actual earnings on pension plan investments                                | 17,153,079                                | -  |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 2,493,820                                 | 191,077                                  |
| Contributions subsequent to the measurement date  | 5,495,909                                 | -  |
| Total   | \$ 27,806,735                             | \$ 3,050,337                             |

\$5,495,909 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: |              |
|---------------------|--------------|
| 2017                | \$ 5,549,916 |
| 2018                | \$ 5,375,974 |
| 2019                | \$ 4,817,149 |
| 2020                | \$ 3,517,450 |

*Actuarial assumptions.* The total pension liability in the December 31, 2014 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                               |
| Future post-retirement benefit increases:   |  |
| PERA Benefit Structure hired prior to 1/1/07;<br>And DPS Benefit Structure (automatic)                  | 2.00 percent                               |
| PERA Benefit Structure hired after 12/31/06;<br>(ad hoc, substantively automatic)                       | Financed by the<br>Annual Increase Reserve |

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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

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

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

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.



**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

*Sensitivity of the 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 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

|  | 1% Decrease<br>(6.50%) | Current Discount<br>Rate (7.50%) | 1% Increase<br>(8.50%) |
|--|------------------------|----------------------------------|------------------------|
| Proportionate share of the net pension liability | \$261,506,686          | \$201,734,357                    | \$152,014,930          |

*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](http://www.copera.org/investments/pera-financial-reports).

**NOTE 12 – POST-EMPLOYMENT HEALTHCARE 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](http://www.copera.org/investments/pera-financial-reports).

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 12 – POST-EMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

*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, 2016, 2015, and 2014 the El Paso County School District 49 contributions to the HCTF were \$609,948, \$565,956, and \$543,706 respectively, equal to their required contributions for each year.

**NOTE 13 – FORWARD AND DELIVERY INVESTMENT AGREEMENT**

In December 2002, the District's General fund received payment of \$1,240,000 pursuant to a forward delivery agreement. In exchange for this amount, the District agreed to make payments into a bank trust account (Bank One Trust Company) from its Debt Service Fund revenue for subsequent purchases of investment securities from a third party (JP Morgan Chase Bank). The securities mature at such times as are required for meeting the District's debt service payment obligations over the fourteen-year contract period. Should the District terminate the agreement, it would be obligated to repay a portion of the \$1,240,000 received to compensate for loss of economic benefits based on market conditions existent at the time the agreement is dissolved.

The amount received under this agreement is being amortized over the term of the agreement for GAAP purposes, rather than in full in the fiscal year ended June 30, 2003, with the unamortized balance reflected as unearned revenue. The following GAAP-basis schedule shows the amounts of revenue recognized and the remaining balance treated as unearned revenue as of and for the year ended June 30, 2016:

|                                  | <u>Revenue<br/>Recognized</u> | <u>Unearned<br/>Revenue</u> |
|----------------------------------|-------------------------------|-----------------------------|
| Fiscal Year Ending June 30, 2016 | <u>\$ 88,571</u>              | <u>\$ -</u>                 |

**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.

*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.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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.

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, 2016 the District reserved \$3,320,000 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.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 16 – PRIOR PERIOD ADJUSTMENTS**

During the year, it was determined that pension contributions subsequent to the measurement date and other pension outflows and inflows totaling \$2,533,310 were not included in the statement of net position.

During the year, it was determined that when the Pupil Activity (special revenue) fund was split from the Pupil Activity (agency fund), equity was not correctly apportioned between the two funds.

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

| <u>Statement of Activities</u>  | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| Net position, July 1, 2015, as previously stated  | \$ (77,281,819)                    |
| Restatement for net pension liability   | 2,533,310                          |
| Restatement for Pupil Activity Fund   | <u>(810,370)</u>                   |
| Net position, July 1, 2015, as restated   | <u>\$ (75,558,879)</u>             |
|   |                                    |
| <u>Statement of Revenues, Expenditures, and Changes<br/>in Fund Balances – Governmental Funds</u> | <u>Amount</u>                      |
| Fund balances, July 1, 2015, as previously stated   | \$ 39,031,196                      |
| Restatement for Pupil Activity Fund   | <u>(810,370)</u>                   |
| Fund balances, July 1, 2015, as restated  | <u>\$ 38,220,826</u>               |

**NOTE 16 – SUBSEQUENT EVENT**

On November 8, 2016, registered voters of the District approved a ballot resolution authorizing the District to collect up to \$3,300,000 in property taxes in 2017 and such additional amounts generated annually thereafter by continuing to collect such 10.159 mills to be used for General Fund purposes including rental payments on lease-purchase financings and for other capital improvements and operational priorities.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND COVERED PAYROLL**  
**JUNE 30, 2016**

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

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

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

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**SCHEDULE OF EMPLOYER'S STATUTORY PAYROLL CONTRIBUTIONS AND COVERED PAYROLL**  
**JUNE 30, 2016**

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

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

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

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

|  | <b>Budgeted Amounts</b> |               |               | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|---------------|---------------|---|
|  | <b>Original</b>         | <b>Final</b>  | <b>Actual</b> |   |
| <b>REVENUES</b>                                      |                         |               |               |   |
| Property taxes                                       | \$ 24,018,105           | \$ 25,068,472 | \$ 25,855,310 | \$ 786,838  |
| Specific ownership taxes                             | 3,311,325               | 3,122,730     | 3,676,411     | 553,681   |
| State sources  | 73,769,802              | 72,821,581    | 72,949,704    | 128,123   |
| Federal sources                                      | 1,067,940               | 1,067,940     | 476,349       | (591,591)   |
| Other local revenue                                  | 2,814,329               | 2,914,330     | 4,425,911     | 1,511,581   |
| Total revenues                                       | 104,981,501             | 104,995,053   | 107,383,685   | 2,388,632   |
| <b>EXPENDITURES</b>                                  |                         |               |               |   |
| Instruction  | 54,846,710              | 55,974,296    | 57,972,601    | (1,998,305)   |
| Supporting services                                  |                         |               |               |   |
| Student support                                      | 5,867,718               | 6,156,058     | 6,285,407     | (129,349)   |
| Instructional staff                                  | 4,211,394               | 4,574,349     | 4,425,473     | 148,876   |
| General administration                               | 1,128,964               | 1,138,346     | 790,075       | 348,271   |
| School administration                                | 8,272,756               | 8,589,755     | 9,216,875     | (627,120)   |
| Business services                                    | 1,431,849               | 1,352,547     | 1,348,998     | 3,549   |
| Operations and maintenance                           | 9,084,929               | 9,436,783     | 10,088,134    | (651,351)   |
| Student transportation                               | 2,202,078               | 2,165,157     | 2,499,002     | (333,845)   |
| Central support service                              | 4,485,981               | 4,674,067     | 6,036,033     | (1,361,966)   |
| Other support services                               | 1,676,791               | 1,846,543     | 1,330         | 1,845,213   |
| Community services                                   | -                       | -             | 1,846         | (1,846)   |
| Facilities acquisition & construction                | 3,670,518               | 4,894,394     | 2,292,721     | 2,601,673   |
| Debt service   | 7,400,487               | 10,593,565    | 6,139,829     | 4,453,736   |
| Contingency reserves                                 | 701,326                 | (451,444)     | -             | (451,444)   |
| Total expenditures                                   | 104,981,501             | 110,944,416   | 107,098,324   | 3,846,092   |
| Excess (deficiency) of<br>revenues over expenditures | -                       | (5,949,363)   | 285,361       | 6,234,724   |
| <b>OTHER FINANCING<br/>SOURCES (USES)</b>            |                         |               |               |   |
| Transfers in (out)                                   | -                       | -             | (420,844)     | (420,844)   |
| Total other financing sources (uses)                 | -                       | -             | (420,844)     | (420,844)   |
| Net change in fund balance                           | -                       | (5,949,363)   | (135,483)     | 5,813,880   |
| Fund balance - beginning                             | 5,376,542               | 9,116,195     | 20,900,004    | 11,783,809  |
| Fund balance - ending                                | \$ 5,376,542            | \$ 3,166,832  | \$ 20,764,521 | \$ 17,597,689   |

See the accompanying independent auditors' report.



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

## **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.

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

**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, 2016**

|  | Final<br>Budget | Actual       | Variance<br>Favorable<br>(Unfavorable) |
|--|-----------------|--------------|--|
| <b>REVENUES</b>                                      |                 |              |  |
| Property taxes                                       | \$ 7,639,288    | \$ 7,608,090 | \$ (31,198)                            |
| Interest   | 18,000          | (920)        | (18,920)                               |
|  |                 |              |  |
| Total revenues                                       | 7,657,288       | 7,607,170    | (50,118)                               |
| <b>EXPENDITURES</b>                                  |                 |              |  |
| Debt Service   |                 |              |  |
| Principal retirement                                 | 4,155,000       | 4,155,000    | -                                      |
| Interest and fiscal charges                          | 436,686         | 329,419      | 107,267                                |
| Other debt service                                   | 308,520         | 303,085      | 5,435                                  |
|  |                 |              |  |
| Total expenditures                                   | 4,900,206       | 4,787,504    | 112,702                                |
|  |                 |              |  |
| Excess (deficiency) of revenues over<br>expenditures | 2,757,082       | 2,819,666    | 62,584                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                 |              |  |
| Refunding bond proceeds                              | 1,206,424       | 8,780,000    | 7,573,576                              |
| Payment to refunded bond escrow agent                | (19,222,793)    | (19,472,793) | (250,000)                              |
|  |                 |              |  |
| Total other financing sources and (uses)             | (18,016,369)    | (10,692,793) | 7,323,576                              |
|  |                 |              |  |
| Net change in fund balance                           | (15,259,287)    | (7,873,127)  | 7,386,160                              |
|  |                 |              |  |
| Fund balance - beginning                             | 15,777,891      | 15,777,891   | -                                      |
|  |                 |              |  |
| Fund balance - ending                                | \$ 518,604      | \$ 7,904,764 | \$ 7,386,160                           |

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.

### **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, 2016**

|   | <b>Food Service<br/>Fund</b> | <b>Governmental<br/>Designated-<br/>Purpose Grants<br/>Fund</b> | <b>Pupil Activity<br/>Fund</b> | <b>Transportation<br/>Fund</b> | <b>Kids Corner<br/>Fund</b> | <b>Capital Projects<br/>Fund</b> | <b>Total Nonmajor<br/>Governmental<br/>Funds</b> |
|---|------------------------------|---|--------------------------------|--------------------------------|-----------------------------|----------------------------------|--|
| <b>ASSETS</b>                                     |                              |   |                                |                                |                             |                                  |  |
| Cash and cash equivalents                         | \$ 50,479                    | \$ -  | \$ -                           | \$ 65,595                      | \$ 46,577                   | \$ 171,377                       | \$ 334,028                                       |
| Accounts receivable                               | -                            | -   | -                              | 26,593                         | -                           | -                                | 26,593   |
| Grants receivable                                 | 408,689                      | 841,616   | -                              | -                              | -                           | -                                | 1,250,305  |
| Due from other funds                              | 997,221                      | 287,836   | 1,151,937                      | -                              | -                           | 248,168                          | 2,685,162  |
| Inventories                                       | 183,162                      | -   | -                              | -                              | -                           | -                                | 183,162  |
|   |                              |   |                                |                                |                             |                                  |  |
| Total assets                                      | <u>\$ 1,639,551</u>          | <u>\$ 1,129,452</u>   | <u>\$ 1,151,937</u>            | <u>\$ 92,188</u>               | <u>\$ 46,577</u>            | <u>\$ 419,545</u>                | <u>\$ 4,479,250</u>                              |
| <b>LIABILITIES</b>                                |                              |   |                                |                                |                             |                                  |  |
| Accounts payable and other<br>accrued liabilities | \$ 156,734                   | \$ 259,827  | \$ 8,319                       | \$ 763                         | \$ 290                      | \$ -                             | \$ 425,933                                       |
| Accrued salaries and benefits                     | 51,185                       | 124,734   | -                              | 58,342                         | 19,741                      | -                                | 254,002  |
| Compenstated absences                             | 317                          | -   | -                              | 2,106                          | -                           | -                                | 2,423  |
| Payable to fiduciary funds                        | -                            | -   | 810,369                        | -                              | -                           | -                                | 810,369  |
| Due to other funds                                | -                            | -   | -                              | 30,977                         | 3,669                       | -                                | 34,646   |
| Unearned revenue                                  | -                            | 744,891   | -                              | -                              | -                           | -                                | 744,891  |
|   |                              |   |                                |                                |                             |                                  |  |
| Total liabilities                                 | <u>208,236</u>               | <u>1,129,452</u>  | <u>818,688</u>                 | <u>92,188</u>                  | <u>23,700</u>               | <u>-</u>                         | <u>2,272,264</u>                                 |
| <b>FUND BALANCES</b>                              |                              |   |                                |                                |                             |                                  |  |
| Nonspendable                                      | 183,162                      | -   | -                              | -                              | -                           | -                                | 183,162  |
| Committed for:                                    |                              |   |                                |                                |                             |                                  |  |
| Capital Projects                                  | -                            | -   | -                              | -                              | -                           | 419,545                          | 419,545  |
| Assigned:   |                              |   |                                |                                |                             |                                  |  |
| Food Services                                     | 1,248,153                    | -   | -                              | -                              | -                           | -                                | 1,248,153  |
| Pupil activities                                  | -                            | -   | 333,249                        | -                              | -                           | -                                | 333,249  |
| Kids Corner                                       | -                            | -   | -                              | -                              | 22,877                      | -                                | 22,877   |
|   |                              |   |                                |                                |                             |                                  |  |
| Total fund balances                               | <u>1,431,315</u>             | <u>-</u>  | <u>333,249</u>                 | <u>-</u>                       | <u>22,877</u>               | <u>419,545</u>                   | <u>2,206,986</u>                                 |
|   |                              |   |                                |                                |                             |                                  |  |
| Total liabilities and fund balances               | <u>\$ 1,639,551</u>          | <u>\$ 1,129,452</u>   | <u>\$ 1,151,937</u>            | <u>\$ 92,188</u>               | <u>\$ 46,577</u>            | <u>\$ 419,545</u>                | <u>\$ 4,479,250</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, 2016**

|  | <b>Food Service<br/>Fund</b> | <b>Governmental<br/>Designated-<br/>Purpose Grants<br/>Fund</b> | <b>Pupil Activity<br/>Fund</b> | <b>Transportation<br/>Fund</b> | <b>Kids Corner<br/>Fund</b> | <b>Capital Projects<br/>Fund</b> | <b>Total Nonmajor<br/>Governmental<br/>Funds</b> |
|--|------------------------------|---|--------------------------------|--------------------------------|-----------------------------|----------------------------------|--|
| <b>REVENUES</b>                                      |                              |   |                                |                                |                             |                                  |  |
| Local sources  | \$ 1,570,844                 | \$ 267,759  | \$ 993,078                     | \$ 364,619                     | \$ 330,443                  | \$ 259,525                       | \$ 3,786,268                                     |
| State sources  | 64,240                       | -   | -                              | 515,214                        | -                           | -                                | 579,454  |
| Federal sources                                      | 2,003,831                    | 4,861,359   | -                              | -                              | -                           | -                                | 6,865,190  |
| Total revenues                                       | 3,638,915                    | 5,129,118   | 993,078                        | 879,833                        | 330,443                     | 259,525                          | 11,230,912                                       |
| <b>EXPENDITURES</b>                                  |                              |   |                                |                                |                             |                                  |  |
| Instruction  | -                            | 3,462,751   | 886,688                        | -                              | 256,897                     | -                                | 4,606,336  |
| Supporting services                                  | -                            | 1,665,103   | 38,157                         | 1,175,486                      | 50,669                      | -                                | 2,929,415  |
| Community services                                   | -                            | 1,264   | -                              | -                              | -                           | -                                | 1,264  |
| Food Service   | 3,450,686                    | -   | -                              | -                              | -                           | -                                | 3,450,686  |
| Total expenditures                                   | 3,450,686                    | 5,129,118   | 924,845                        | 1,175,486                      | 307,566                     | -                                | 10,987,701                                       |
| Excess (deficiency) of<br>revenues over expenditures | 188,229                      | -   | 68,233                         | (295,653)                      | 22,877                      | 259,525                          | 243,211  |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                              |   |                                |                                |                             |                                  |  |
| Transfers in (out)                                   | -                            | -   | 125,191                        | 295,653                        | -                           | -                                | 420,844  |
| Net change in fund balances                          | 188,229                      | -   | 193,424                        | -                              | 22,877                      | 259,525                          | 664,055  |
| Fund balances - beginning, as restated               | 1,243,086                    | -   | 139,825                        | -                              | -                           | 160,020                          | 1,542,931  |
| Fund balances - ending                               | <u>\$ 1,431,315</u>          | <u>\$ -</u>   | <u>\$ 333,249</u>              | <u>\$ -</u>                    | <u>\$ 22,877</u>            | <u>\$ 419,545</u>                | <u>\$ 2,206,986</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, 2016**

|                             | Final<br>Budget     | Actual              | Variance<br>Favorable<br>(Unfavorable) |
|-----------------------------|---------------------|---------------------|--|
| <b>REVENUES</b>             |                     |                     |  |
| Local sources               | \$ 1,793,637        | \$ 1,570,844        | \$ (222,793)                           |
| State sources               | -                   | 64,240              | 64,240                                 |
| Federal sources             | 1,665,508           | 2,003,831           | 338,323                                |
|                             | <hr/>               | <hr/>               | <hr/>                                  |
| Total revenues              | 3,459,145           | 3,638,915           | 179,770                                |
|                             | <hr/>               | <hr/>               | <hr/>                                  |
| <b>EXPENDITURES</b>         |                     |                     |  |
| Salaries                    | 1,034,431           | 1,126,795           | (92,364)                               |
| Employee benefits           | 366,468             | 337,402             | 29,066                                 |
| Purchased services          | 138,384             | 208,037             | (69,653)                               |
| Supplies                    | 1,571,016           | 1,704,996           | (133,980)                              |
| Equipment                   | 780                 | 4,690               | (3,910)                                |
| Other                       | 123,296             | 18,766              | 104,530                                |
| Indirect costs              | 91,395              | 50,000              | 41,395                                 |
| Contingency reserve         | 133,375             | -                   | 133,375                                |
|                             | <hr/>               | <hr/>               | <hr/>                                  |
| Total expenditures          | 3,459,145           | 3,450,686           | 8,459                                  |
|                             | <hr/>               | <hr/>               | <hr/>                                  |
| Net change in fund balances | -                   | 188,229             | 188,229                                |
|                             | <hr/>               | <hr/>               | <hr/>                                  |
| Fund balances - beginning   | 1,308,206           | 1,243,086           | (65,120)                               |
|                             | <hr/>               | <hr/>               | <hr/>                                  |
| Fund balances - ending      | <u>\$ 1,308,206</u> | <u>\$ 1,431,315</u> | <u>\$ 123,109</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, 2016**

|                            | Final<br>Budget    | Actual             | Variance<br>Favorable<br>(Unfavorable) |
|----------------------------|--------------------|--------------------|--|
| <b>REVENUES</b>            |                    |                    |  |
| Local sources              | \$ 239,620         | \$ 267,759         | \$ 28,139                              |
| Federal sources            | 6,360,778          | 4,861,359          | (1,499,419)                            |
|                            | <u>6,600,398</u>   | <u>5,129,118</u>   | <u>(1,471,280)</u>                     |
| Total revenues             | <u>6,600,398</u>   | <u>5,129,118</u>   | <u>(1,471,280)</u>                     |
| <b>EXPENDITURES</b>        |                    |                    |  |
| Salaries                   | 3,008,198          | 2,264,360          | 743,838                                |
| Benefits                   | 1,092,505          | 647,620            | 444,885                                |
| Purchased Services         | 1,432,761          | 1,477,601          | (44,840)                               |
| Supplies                   | 489,020            | 393,204            | 95,816                                 |
| Property and Equipment     | 332,381            | 306,696            | 25,685                                 |
| Other                      | 245,533            | 39,637             | 205,896                                |
|                            | <u>6,600,398</u>   | <u>5,129,118</u>   | <u>1,471,280</u>                       |
| Total expenditures         | <u>6,600,398</u>   | <u>5,129,118</u>   | <u>1,471,280</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 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, 2016**

|   | Final<br>Budget | Actual     | Variance<br>Favorable<br>(Unfavorable) |
|---|-----------------|------------|--|
| <b>REVENUES</b>                                   |                 |            |  |
| Local sources                                     | \$ 1,053,491    | \$ 993,078 | \$ (60,413)                            |
| Total revenues                                    | 1,053,491       | 993,078    | (60,413)                               |
| <b>EXPENDITURES</b>                               |                 |            |  |
| Instruction                                       | 1,384,544       | 886,688    | 497,856                                |
| Supporting services                               |                 |            |  |
| Student support                                   | 43,576          | 27,907     | 15,669                                 |
| Instructional staff                               | -               | 10,250     | (10,250)                               |
| Total expenditures                                | 1,428,120       | 924,845    | 503,275                                |
| Excess (deficiency) in revenues over expenditures | (374,629)       | 68,233     | 442,862                                |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                 |            |  |
| Transfers in (out)                                | -               | 125,191    | 125,191                                |
| Net change in fund balance                        | (374,629)       | 193,424    | 568,053                                |
| Fund balance - beginning, as restated             | 374,629         | 139,825    | (234,804)                              |
| Fund balance - ending                             | \$ -            | \$ 333,249 | \$ 333,249                             |

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, 2016**

|  | Final<br>Budget    | Actual             | Variance<br>Favorable<br>(Unfavorable) |
|--|--------------------|--------------------|--|
| <b>REVENUES</b>                                      |                    |                    |  |
| Charges for services                                 | \$ 254,500         | \$ 364,380         | \$ 109,880                             |
| State revenue  | 515,215            | 515,214            | (1)                                    |
| Interest   | -                  | 239                | 239                                    |
|  | <u>769,715</u>     | <u>879,833</u>     | <u>110,118</u>                         |
| <b>EXPENDITURES</b>                                  |                    |                    |  |
| Salaries   | 620,228            | 676,596            | (56,368)                               |
| Employee benefits                                    | 391,714            | 366,224            | 25,490                                 |
| Purchased services                                   | 6,000              | 193                | 5,807                                  |
| Fuel charges   | 157,544            | 104,697            | 52,847                                 |
| Other expenses                                       | -                  | 27,776             | (27,776)                               |
|  | <u>1,175,486</u>   | <u>1,175,486</u>   | <u>-</u>                               |
| Excess (deficiency) of<br>revenues over expenditures | <u>(405,771)</u>   | <u>(295,653)</u>   | <u>110,118</u>                         |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                    |                    |  |
| Transfers in (out)                                   | <u>405,771</u>     | <u>295,653</u>     | <u>(110,118)</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, 2016**

|  | Final<br>Budget | Actual     | Variance<br>Favorable<br>(Unfavorable) |
|--|-----------------|------------|--|
| <b>REVENUES</b>                                      |                 |            |  |
| Local sources  | \$ 307,688      | \$ 330,443 | \$ 22,755                              |
| Total revenues                                       | 307,688         | 330,443    | 22,755                                 |
| <b>EXPENDITURES</b>                                  |                 |            |  |
| Instruction  | 256,999         | 256,897    | 102                                    |
| Supporting services                                  |                 |            |  |
| School administration                                | 12,532          | 12,527     | 5                                      |
| Business services                                    | 2,679           | 2,678      | 1                                      |
| Operations and maintenance                           | 34,497          | 34,483     | 14                                     |
| Central  | 981             | 981        | 0                                      |
| Total expenditures                                   | 307,688         | 307,566    | 122                                    |
| Excess (deficiency) in revenues over<br>expenditures | -               | 22,877     | 22,877                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                 |            |  |
| Transfers in (out)                                   | -               | -          | -                                      |
| Net change in fund balance                           | -               | 22,877     | 22,877                                 |
| Fund balance - beginning                             | -               | -          | -                                      |
| Fund balance - ending                                | \$ -            | \$ 22,877  | \$ 22,877                              |

See the accompanying independent auditor's 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, 2016**

|                                       | Final<br>Budget | Actual     | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------------|-----------------|------------|--|
| <b>REVENUES</b>                       |                 |            |  |
| Other local revenue                   | \$ 75,000       | \$ 259,525 | \$ 184,525                             |
| Total revenues                        | 75,000          | 259,525    | 184,525                                |
| <b>EXPENDITURES</b>                   |                 |            |  |
| Facilities acquisition & construction | 75,000          | -          | 75,000                                 |
| Total expenditures                    | 75,000          | -          | 75,000                                 |
| Net change in fund balance            | -               | 259,525    | 259,525                                |
| Fund balance - beginning              | 160,020         | 160,020    | -                                      |
| Fund balance - ending                 | \$ 160,020      | \$ 419,545 | \$ 259,525                             |

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, 2016**

|  | Final<br>Budget | Actual       | Variance<br>Favorable<br>(Unfavorable) |
|--|-----------------|--------------|--|
| <b>OPERATING REVENUES</b>                |                 |              |  |
| Premiums & employer contributions        | \$ 8,115,300    | \$ 8,215,779 | \$ 100,479                             |
| Refunds & other revenue                  | 80,200          | 218,040      | 137,840                                |
| Total operating revenues                 | 8,195,500       | 8,433,819    | 238,319                                |
| <b>OPERATING EXPENSES</b>                |                 |              |  |
| Purchased medical services & supplies    | 6,375,927       | 7,063,931    | (688,004)                              |
| Purchased management services            | 1,719,173       | 1,641,135    | 78,038                                 |
| Contingency reserve                      | 102,100         | -            | 102,100                                |
| Total operating expenses                 | 8,197,200       | 8,705,066    | (507,866)                              |
| Operating income (loss)                  | (1,700)         | (271,247)    | (269,547)                              |
| <b>NON-OPERATING REVENUES (EXPENSES)</b> |                 |              |  |
| Interest and investment revenue          | 1,700           | 5,232        | 3,532                                  |
| Total non-operating revenue (expenses)   | 1,700           | 5,232        | 3,532                                  |
| Change in net position                   | -               | (266,015)    | (266,015)                              |
| Net position - beginning                 | 2,481,630       | 2,321,630    | (160,000)                              |
| Net position - ending                    | \$ 2,481,630    | \$ 2,055,615 | \$ (426,015)                           |

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 30,2016**

|                          | Final<br>Budget | Actual   | Variance<br>Favorable<br>(Unfavorable) |
|--------------------------|-----------------|----------|--|
| <b>ADDITIONS</b>         |                 |          |  |
| Fundraising activities   | \$ 200          | \$ 23    | \$ (177)                               |
| Total additions          | 200             | 23       | (177)                                  |
| <b>DEDUCTIONS</b>        |                 |          |  |
| Scholarships awarded     | 1,000           | 1,000    | -                                      |
| Total deductions         | 1,000           | 1,000    | -                                      |
| Change in net position   | (800)           | (977)    | (177)                                  |
| Net position - beginning | 7,110           | 7,110    | -                                      |
| Net position - ending    | \$ 6,310        | \$ 6,133 | \$ (177)                               |

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, 2016**

|                                    | Balance<br>06/30/15      | Additions/<br>Revenues     | Deletions/<br>Expenditures | Balance<br>06/30/16      |
|------------------------------------|--------------------------|----------------------------|----------------------------|--------------------------|
| <b>ASSETS</b>                      |                          |                            |                            |                          |
| Cash and cash equivalents          | \$ 644,652               | \$ 2,076,951               | \$ 1,862,562               | \$ 859,041               |
| Receivable from primary government | <u>166,418</u>           | <u>-</u>                   | <u>166,418</u>             | <u>-</u>                 |
| Total assets                       | <u><u>\$ 811,070</u></u> | <u><u>\$ 2,076,951</u></u> | <u><u>\$ 2,028,980</u></u> | <u><u>\$ 859,041</u></u> |
| <b>LIABILITIES</b>                 |                          |                            |                            |                          |
| Accounts payable                   | \$ 28,796                | \$ 11,985                  | \$ 28,796                  | \$ 11,985                |
| Payable to primary government      | -                        | 128,112                    | -                          | 128,112                  |
| Due to student organizations       | <u>782,274</u>           | <u>1,936,854</u>           | <u>2,000,184</u>           | <u>718,944</u>           |
| Total liabilities                  | <u><u>\$ 811,070</u></u> | <u><u>\$ 2,076,951</u></u> | <u><u>\$ 2,028,980</u></u> | <u><u>\$ 859,041</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, 2016**

|  | Final<br>Budget | Actual       | Variance<br>Favorable/<br>(Unfavorable) |
|--|-----------------|--------------|---|
| <b>ADDITIONS</b>                                   |                 |              |   |
| Pupil Activities                                   | \$ 2,446,509    | \$ 1,936,854 | \$ (509,655)                            |
| <b>DEDUCTIONS</b>                                  |                 |              |   |
| Pupil Activities                                   | 3,139,247       | 2,000,184    | 1,139,063                               |
| Change in Due to Student Organizations             | (692,738)       | (63,330)     | 629,408                                 |
| Due to student organizations - beginning, restated | 692,738         | 782,274      | 89,536                                  |
| Due to student organizations - ending              | \$ -            | \$ 718,944   | \$ 718,944                              |

See the accompanying independent auditors' report.

# Statistical Section



**Financial Trends** - The schedules on pages 71-78 contain financial trend information to help the reader understand how the District's financial condition has changed over time.

**Revenue Capacity** - Pages 79-83 contain information to help the reader assess the District's most significant local revenue source, property taxes.

**Debt Capacity** - Pages 84-90 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 91-92 offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

**Operating Information** - Pages 93-106 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

|  | 2016                          | 2015                          | 2014                        | 2013                        |
|--|-------------------------------|-------------------------------|-----------------------------|-----------------------------|
| <b>Governmental activities</b>                 |                               |                               |                             |                             |
| Net investment in capital assets               | \$ 62,586,945                 | \$ 51,041,127                 | \$ 37,296,989               | \$ 35,029,181               |
| Restricted                                     | 19,023,043                    | 26,707,696                    | 33,118,602                  | 31,302,846                  |
| Unrestricted                                   | <u>(163,732,245)</u>          | <u>(155,030,642)</u>          | <u>9,606,890</u>            | <u>9,883,219</u>            |
| Total governmental activities net position     | <u><u>(82,122,257)</u></u>    | <u><u>(77,281,819)</u></u>    | <u><u>80,022,481</u></u>    | <u><u>76,215,246</u></u>    |
| <b>Business-type activities</b>                |                               |                               |                             |                             |
| Net investment in capital assets               | -                             | -                             | 103,691                     | 121,007                     |
| Unrestricted                                   | <u>-</u>                      | <u>-</u>                      | <u>1,126,991</u>            | <u>1,061,370</u>            |
| Total business-type activities in net position | <u><u>-</u></u>               | <u><u>-</u></u>               | <u><u>1,230,682</u></u>     | <u><u>1,182,377</u></u>     |
| <b>Primary government</b>                      |                               |                               |                             |                             |
| Net investment in capital assets               | 62,586,945                    | 51,041,127                    | 37,400,680                  | 35,150,188                  |
| Restricted                                     | 19,023,043                    | 26,707,696                    | 33,118,602                  | 31,302,846                  |
| Unrestricted                                   | <u>(163,732,245)</u>          | <u>(155,030,642)</u>          | <u>10,733,881</u>           | <u>10,944,589</u>           |
| Total primary government net position          | <u><u>\$ (82,122,257)</u></u> | <u><u>\$ (77,281,819)</u></u> | <u><u>\$ 81,253,163</u></u> | <u><u>\$ 77,397,623</u></u> |

Source: District Financial Records

| 2012                 | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 32,761,303        | \$ 30,964,957        | \$ 28,864,346        | \$ 29,971,517        | \$ 29,439,037        | \$ 9,590,013         | \$ 19,921,205        |
| 29,538,781           | 27,481,494           | 26,765,444           | 23,249,963           | 20,342,432           | 16,671,291           | 15,837,549           |
| 14,306,890           | 11,552,181           | 9,402,720            | 9,897,606            | 11,542,753           | 14,748,236           | (7,780,327)          |
| <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>    | <u>41,009,540</u>    | <u>27,978,427</u>    |
| 280,820              | 342,141              | 378,298              | 420,224              | 406,816              | 426,076              | 454,241              |
| 956,988              | 664,202              | 799,412              | 862,500              | 977,269              | 964,274              | 819,277              |
| <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>     | <u>1,390,350</u>     | <u>1,273,518</u>     |
| 33,042,123           | 31,307,098           | 29,242,644           | 30,391,741           | 29,845,853           | 10,016,089           | 20,375,446           |
| 29,538,781           | 27,481,494           | 26,765,444           | 23,249,963           | 20,342,432           | 16,671,291           | 15,837,549           |
| 15,263,878           | 12,216,383           | 10,202,132           | 10,760,106           | 12,520,022           | 15,712,510           | (6,961,050)          |
| <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> | <u>\$ 42,399,890</u> | <u>\$ 29,251,945</u> |

EL PASO COUNTY SCHOOL DISTRICT 49  
Changes in Net Position  
Last Ten Fiscal Years

|   | 2016           | 2015          | 2014          | 2013          |
|---|----------------|---------------|---------------|---------------|
| <b>Expenses</b>                                 |                |               |               |               |
| Governmental activities                         |                |               |               |               |
| Instruction                                     | \$ 73,810,829  | \$ 69,436,074 | \$ 60,020,821 | \$ 54,910,864 |
| Supporting services                             | 55,862,491     | 51,860,340    | 44,941,313    | 39,933,659    |
| Community services                              | 3,110          | 2,309         | 558           | 5,230         |
| Facilitates acquisition & construction          | 2,313,108      | 1,555,578     | 956,249       | 3,921,201     |
| Food services                                   | 3,450,685      | 3,563,638     | -             | -             |
| Interest on long-term debt                      | 4,957,824      | 5,940,860     | 5,711,616     | 6,124,842     |
| Total governmental activities expenses          | 140,398,047    | 132,358,799   | 111,630,557   | 104,895,796   |
| Business -type activities:                      |                |               |               |               |
| Food services                                   | -              | -             | 3,544,264     | 3,545,394     |
| Total business-type expenses                    | -              | -             | 3,544,264     | 3,545,394     |
| Total primary government expenses               |                | 132,358,799   | 115,174,821   | 108,441,190   |
| <b>Program revenues</b>                         |                |               |               |               |
| Governmental activities                         |                |               |               |               |
| Charges for services: Instruction               | 2,996,028      | 2,687,910     | 3,426,721     | 1,643,086     |
| Charges for services: Other                     | 11,029,543     | 10,787,460    | 7,605,632     | 7,488,191     |
| Operating grants and contributions              | 15,591,007     | 14,378,042    | 10,912,740    | 9,750,503     |
| Capital grants and contributions                | 704,005        | 2,835,468     | 175,389       | 69,801        |
| Total governmental activities program revenues  | 30,320,583     | 30,688,880    | 22,120,482    | 18,951,581    |
| Business -type activities                       |                |               |               |               |
| Food services                                   |                |               |               |               |
| Charges for services                            | -              | -             | 1,783,467     | 1,912,878     |
| Operating grants and contributions              | -              | -             | 1,804,446     | 1,712,285     |
| Total business-type activities program revenues | -              | -             | 3,587,913     | 3,625,163     |
| Total primary government program revenues       | 30,320,583     | 30,688,880    | 25,708,395    | 22,576,744    |
| Net (expense) revenue                           |                |               |               |               |
| Governmental activities                         | (110,077,464)  | (101,669,919) | (89,510,075)  | (85,944,215)  |
| Business -type activities                       | -              | -             | 43,649        | 79,769        |
| Total primary government net (expense) revenue  | (110,077,464)  | (101,669,919) | (89,466,426)  | (85,864,446)  |
| <b>General revenues</b>                         |                |               |               |               |
| Governmental activities                         |                |               |               |               |
| Property taxes                                  | 33,364,551     | 25,822,318    | 27,517,073    | 27,217,408    |
| Specific ownership taxes                        | 3,676,411      | 2,762,983     | 2,737,200     | 2,447,418     |
| State equalization                              | 65,914,912     | 71,655,103    | 61,879,292    | 58,587,096    |
| Investment earnings                             | 84,202         | 36,042        | 43,126        | 76,283        |
| Miscellaneous revenues                          | 474,011        | 414,377       | 475,430       | 349,305       |
| Total governmental activities                   | 103,514,087    | 100,690,823   | 92,652,121    | 88,677,510    |
| Business-type activities                        |                |               |               |               |
| Investment earnings                             | -              | -             | 4,656         | 6,406         |
| Miscellaneous revenues                          | -              | -             | -             | -             |
| Total business-type activities                  | -              | -             | 4,656         | 6,406         |
| Total primary government                        | 103,514,087    | 100,690,823   | 92,656,777    | 88,683,916    |
| <b>Transfers</b>                                |                |               |               |               |
| Governmental activities                         | -              | -             | 665,189       | -             |
| Business-type activities                        | -              | -             | -             | -             |
| <b>Changes in net position</b>                  |                |               |               |               |
| Governmental activities                         | (3,563,377)    | (979,096)     | 3,807,235     | 2,733,295     |
| Prior period adjustment                         | -              | -             | -             | (3,266,628)   |
| Business-type activities                        | -              | -             | 48,305        | 86,175        |
| Total primary government                        | \$ (3,563,377) | \$ (979,096)  | \$ 3,855,540  | \$ (447,158)  |

Source: District Financial Records

| 2012          | 2011          | 2010          | 2009          | 2008          | 2007          | 2006          |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 51,047,331 | \$ 55,647,733 | \$ 56,308,429 | \$ 54,279,772 | \$ 48,416,643 | \$ 42,710,638 | \$ 38,277,390 |
| 35,074,259    | 37,538,903    | 39,980,941    | 45,913,039    | 39,198,688    | 31,188,705    | 25,207,458    |
| -             | -             | -             | -             | -             | -             | -             |
| -             | -             | -             | -             | -             | -             | -             |
| -             | -             | -             | -             | -             | -             | -             |
| 6,477,776     | 6,723,785     | 6,966,032     | 8,620,387     | 8,154,209     | 4,724,907     | 3,411,318     |
| 92,599,366    | 99,910,421    | 103,255,402   | 108,813,198   | 95,769,540    | 78,624,250    | 66,896,166    |
| 3,315,431     | 3,622,951     | 3,295,282     | 3,190,818     | 2,778,049     | 2,369,402     | 2,129,435     |
| 3,315,431     | 3,622,951     | 3,295,282     | 3,190,818     | 2,778,049     | 2,369,402     | 2,129,435     |
| 95,914,797    | 103,533,372   | 106,550,684   | 112,004,016   | 98,547,589    | 80,993,652    | 69,025,601    |
| 641,917       | 641,917       | 641,918       | 621,648       | 689,330       | 1,168,310     | 411,842       |
| 2,417,556     | 2,358,910     | 2,253,656     | 1,655,446     | 1,213,647     | 774,902       | 961,052       |
| 8,056,987     | 13,020,420    | 9,319,463     | 7,596,128     | 6,102,382     | 5,804,921     | 5,304,522     |
| 55,152        | 52,088        | 121,411       | -             | 9,192,240     | -             | -             |
| 11,171,612    | 16,073,335    | 12,336,448    | 9,873,222     | 17,197,599    | 7,748,133     | 6,677,416     |
| 2,004,711     | 2,007,984     | 1,920,802     | 1,955,016     | 1,950,550     | 1,774,399     | 1,742,099     |
| 1,535,564     | 1,435,405     | 1,252,180     | 1,097,657     | 821,234       | 711,835       | 607,738       |
| 3,540,275     | 3,443,389     | 3,172,982     | 3,052,673     | 2,771,784     | 2,486,234     | 2,349,837     |
| 14,711,887    | 19,516,724    | 15,509,430    | 12,925,895    | 19,969,383    | 10,234,367    | 9,027,253     |
| (81,427,754)  | (83,837,086)  | (90,918,954)  | (98,939,976)  | (78,571,941)  | (70,876,117)  | (60,218,750)  |
| 224,844       | (179,562)     | (122,300)     | (138,145)     | (6,265)       | 116,832       | 220,402       |
| (81,202,910)  | (84,016,648)  | (91,041,254)  | (99,078,121)  | (78,578,206)  | (70,759,285)  | (59,998,348)  |
| 27,181,450    | 28,713,973    | 28,958,125    | 29,881,835    | 28,359,508    | 22,854,256    | 21,056,256    |
| 2,476,004     | 2,467,992     | 2,607,142     | 3,115,704     | 3,169,869     | 3,001,112     | 2,746,886     |
| 57,265,290    | 55,421,452    | 60,892,967    | 66,905,895    | 59,948,169    | 55,487,866    | 45,807,614    |
| 63,377        | 71,399        | 105,569       | 513,820       | 2,269,789     | 2,322,942     | 398,143       |
| 1,049,976     | 2,128,391     | 289,318       | 317,586       | 1,901,364     | 241,054       | 558,102       |
| 88,036,097    | 88,803,207    | 92,853,121    | 100,734,840   | 95,648,699    | 83,907,230    | 70,567,001    |
| 6,621         | 8,194         | 17,287        | 36,784        | -             | -             | -             |
| -             | -             | -             | -             | -             | -             | -             |
| 6,621         | 8,194         | 17,287        | 36,784        | -             | -             | -             |
| 88,042,718    | 88,811,401    | 92,870,408    | 100,771,624   | 95,648,699    | 83,907,230    | 70,567,001    |
| -             | -             | -             | -             | -             | -             | -             |
| -             | -             | -             | -             | -             | -             | -             |
| 6,608,343     | 4,966,121     | 1,934,167     | 1,794,864     | 17,076,758    | 13,031,113    | 10,348,251    |
| -             | -             | (20,743)      | -             | -             | -             | -             |
| 231,465       | (171,368)     | (105,013)     | (101,361)     | (6,265)       | 116,832       | 220,402       |
| \$ 6,839,808  | \$ 4,794,753  | \$ 1,808,411  | \$ 1,693,503  | \$ 17,070,493 | \$ 13,147,945 | \$ 10,568,653 |

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

|                                     | 2016              | 2015              | 2014              | 2013              |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| <b>General Fund</b>                 |                   |                   |                   |                   |
| Nonspendable                        | \$ -              | \$ -              | \$ -              | \$ -              |
| Restricted                          | 11,118,279        | 10,929,805        | 18,477,589        | 17,511,950        |
| Unrestricted                        | -                 | -                 | -                 | -                 |
| Assigned                            | -                 | -                 | -                 | -                 |
| Reserved                            | 7,639,917         | 7,311,636         | 5,926,591         | 7,059,744         |
| Unreserved                          | 2,006,325         | 2,658,563         | 1,442,415         | 968,551           |
| Total general fund                  | <u>20,764,521</u> | <u>20,900,004</u> | <u>25,846,595</u> | <u>25,540,245</u> |
| <b>All other governmental funds</b> |                   |                   |                   |                   |
| Nonspendable                        | 183,162           | 196,826           | -                 | -                 |
| Restricted                          | 7,904,764         | 15,777,891        | 14,641,013        | 13,790,896        |
| Unrestricted                        | -                 | -                 | -                 | -                 |
| Assigned                            | 1,604,279         | 1,996,455         | 792,753           | 393,797           |
| Reserved                            | 419,545           | 160,020           | 112,581           | -                 |
| Unreserved                          | -                 | -                 | -                 | -                 |
| Total all other governmental funds  | <u>10,111,750</u> | <u>18,131,192</u> | <u>15,546,347</u> | <u>14,184,693</u> |
| Total governmental funds            | <u>30,876,271</u> | <u>39,031,196</u> | <u>41,392,942</u> | <u>39,724,938</u> |

Source: District Financial Records



| 2012              | 2011              | 2010              | 2009              | 2008              | 2007              |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| 16,593,550        | 15,476,154        | 13,953,894        | 12,723,986        | 11,139,954        | 9,191,894         |
| -                 | -                 | -                 | -                 | -                 | -                 |
| -                 | -                 | -                 | -                 | -                 | -                 |
| 7,088,293         | 5,447,032         | 186,246           | -                 | -                 | -                 |
| 4,850,061         | 4,291,762         | 7,424,523         | 9,432,871         | 12,076,994        | 15,337,111        |
| <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> | <u>24,529,005</u> |
| -                 | -                 | -                 | -                 | -                 | -                 |
| 12,945,231        | 12,005,340        | 12,625,304        | 14,372,047        | 17,711,456        | 9,921,666         |
| -                 | -                 | -                 | -                 | -                 | -                 |
| 357,732           | 688,309           | -                 | -                 | -                 | -                 |
| -                 | -                 | -                 | -                 | -                 | -                 |
| -                 | -                 | 1,006,106         | -                 | -                 | -                 |
| <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> | <u>9,921,666</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> | <u>34,450,671</u> |

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

|   | 2016                  | 2015                  | 2014                |
|---|-----------------------|-----------------------|---------------------|
| <b>Revenues</b>   |                       |                       |                     |
| Local sources   | \$ 45,351,070         | \$ 35,283,456         | \$ 35,954,331       |
| State sources   | 73,529,158            | 78,220,600            | 67,010,620          |
| Federal sources   | 7,341,539             | 6,920,031             | 5,010,456           |
| Tuition   | -                     | -                     | -                   |
| Miscellaneous   | -                     | -                     | -                   |
| Total revenues  | <u>126,221,767</u>    | <u>120,424,087</u>    | <u>107,975,407</u>  |
| <b>Expenditures</b>   |                       |                       |                     |
| Instruction   | 62,578,937            | 57,030,514            | 54,269,244          |
| Supporting services   | 43,620,742            | 39,810,635            | 38,253,961          |
| Community services  | 3,110                 | 2,309                 | 1,501               |
| Facilities acquisition and construction                     | 2,292,721             | 5,182,557             | 1,023,064           |
| Food service  | 3,450,686             | 3,563,638             | -                   |
| Charter schools   | -                     | -                     | -                   |
| Debt service  | 10,927,333            | 13,830,071            | 13,722,953          |
| Total expenditures  | <u>122,873,529</u>    | <u>119,419,724</u>    | <u>107,270,723</u>  |
| Excess of revenues over (under) expenditures                | 3,348,238             | 1,004,363             | 704,684             |
| <b>Other financing sources (uses)</b>                       |                       |                       |                     |
| Transfers in  | (420,884)             | -                     | -                   |
| Transfers out   | 420,844               | -                     | 902,055             |
| Capital lease proceeds                                      | -                     | -                     | -                   |
| 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 bonds issued                                      | 8,780,000             | 74,313,571            | 3,470,000           |
| Premium on bond issued                                      | -                     | 6,353,565             | 183,890             |
| Total other financing sources (uses)                        | <u>(10,692,833)</u>   | <u>(4,530,258)</u>    | <u>963,320</u>      |
| Net change in fund balances                                 | <u>\$ (7,344,595)</u> | <u>\$ (3,525,895)</u> | <u>\$ 1,668,004</u> |
| Debt services as a percentage<br>of noncapital expenditures | 9.1%                  | 12.1%                 | 12.9%               |

Source: District Financial Records

| 2013                  | 2012                | 2011                | 2010                  | 2009                  | 2008                | 2007                 |
|-----------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|----------------------|
| \$ 33,884,059         | \$ 34,392,745       | \$ 36,760,783       | \$ 35,100,024         | \$ 33,321,188         | \$ 31,079,537       | \$ 25,820,125        |
| 62,636,526            | 60,826,416          | 58,862,469          | 64,461,633            | 74,502,023            | 68,320,340          | 63,615,729           |
| 4,429,055             | 4,317,990           | 9,371,883           | 5,697,502             | 2,594,680             | 3,804,341           | 2,184,266            |
| <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>  | <u>91,620,120</u>    |
| 48,919,131            | 47,413,220          | 49,557,020          | 51,246,285            | 48,430,943            | 45,696,300          | 39,322,697           |
| 36,411,011            | 33,502,268          | 36,258,829          | 37,884,658            | 34,480,640            | 31,307,588          | 25,080,328           |
| 1,066                 | -                   | -                   | -                     | -                     | -                   | -                    |
| 3,962,620             | 1,841,777           | 2,520,500           | 2,903,022             | 6,703,289             | 39,322,887          | 38,094,192           |
| -                     | -                   | -                   | -                     | -                     | -                   | -                    |
| -                     | -                   | -                   | -                     | 10,317,341            | 7,656,621           | 5,718,529            |
| 13,765,741            | 13,952,248          | 14,364,714          | 14,276,686            | 14,885,178            | 13,578,861          | 12,347,448           |
| <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>  | <u>120,563,194</u>   |
| (2,109,929)           | 2,827,638           | 2,294,072           | (1,051,492)           | (4,399,500)           | (34,358,039)        | (28,943,074)         |
|                       | 567,738             | 605,662             | 2,722,344             | 2,715,782             | 2,571,002           | 3,111,388            |
|                       | (1,200,299)         | (605,662)           | (2,722,344)           | (2,715,782)           | (2,571,002)         | (3,111,388)          |
|                       | 1,731,193           | 418,452             |                       |                       |                     |                      |
|                       |                     |                     |                       |                       |                     | (14,257,116)         |
|                       |                     |                     |                       |                       | 39,725,000          | 67,462,217           |
|                       |                     |                     |                       |                       | 1,110,772           | 1,645,599            |
| <u>-</u>              | <u>1,098,632</u>    | <u>418,452</u>      | <u>-</u>              | <u>-</u>              | <u>40,835,772</u>   | <u>54,850,700</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> | <u>\$ 25,907,626</u> |
| 13.9%                 | 14.7%               | 14.3%               | 13.8%                 | 13.8%                 | 13.8%               | 15.0%                |

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

| Assessment<br>Year | Collection<br>Year | Residential<br>Property | Commercial<br>Property | Industrial,<br>Agricultural, And<br>Natural<br>Resources | State<br>Assessed,<br>Vacant Land,<br>and Other | Total Taxable<br>Assessed Value |
|--------------------|--------------------|-------------------------|------------------------|--|---|---------------------------------|
| 2015               | 2016               | 518,510,430             | 157,253,610            | 11,800,340   | 64,408,090                                      | 751,972,470                     |
| 2014               | 2015               | 462,675,840             | 152,800,100            | 11,201,630   | 63,046,990                                      | 689,724,560                     |
| 2013               | 2014               | 442,234,860             | 147,150,700            | 11,405,580   | 63,806,180                                      | 664,597,320                     |
| 2012               | 2013               | 442,006,450             | 147,353,840            | 10,877,810   | 63,479,710                                      | 663,717,810                     |
| 2011               | 2012               | 432,478,460             | 147,318,740            | 11,351,400   | 67,345,580                                      | 658,494,180                     |
| 2010               | 2011               | 461,396,340             | 154,956,330            | 12,102,310   | 75,483,300                                      | 703,938,280                     |
| 2009               | 2010               | 453,376,890             | 154,508,260            | 12,519,520   | 79,205,910                                      | 699,610,580                     |
| 2008               | 2009               | 431,314,820             | 132,287,440            | 12,953,120   | 79,969,530                                      | 656,524,910                     |
| 2007               | 2008               | 412,599,750             | 116,095,780            | 11,106,720   | 80,226,220                                      | 620,028,470                     |
| 2006               | 2007               | 341,637,650             | 88,972,890             | 9,649,590  | 64,263,120                                      | 504,523,250                     |

Source: El Paso County Treasurer's office

| Total Direct<br>Tax Rate | Estimated Actual<br>Taxable Value | Assessment Rates  |             |            |
|--------------------------|-----------------------------------|---|-------------|------------|
|                          |                                   | Taxable Assessed<br>Value as a<br>Percentage of<br>Actual Value | Residential | All others |
|                          |                                   |   |             |            |
| 44.635                   | 7,318,389,792                     | 10.28%  | 7.96%       | 29.00%     |
| 45.796                   | 6,594,766,136                     | 10.46%  | 7.96%       | 29.00%     |
| 45.617                   | 6,321,813,966                     | 10.51%  | 7.96%       | 29.00%     |
| 45.585                   | 6,317,740,713                     | 10.51%  | 7.96%       | 29.00%     |
| 45.842                   | 6,212,889,184                     | 10.60%  | 7.96%       | 29.00%     |
| 45.792                   | 6,632,924,756                     | 10.61%  | 7.96%       | 29.00%     |
| 45.572                   | 6,544,920,650                     | 10.69%  | 7.96%       | 29.00%     |
| 45.674                   | 6,195,485,589                     | 10.60%  | 7.96%       | 29.00%     |
| 45.795                   | 5,899,026,417                     | 10.51%  | 7.96%       | 29.00%     |
| 45.547                   | 4,853,147,177                     | 10.40%  | 7.96%       | 29.00%     |

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

| <b>Taxing Authority</b>                           | <b>2016</b>   | <b>2015</b>   | <b>2014</b>   | <b>2013</b>   | <b>2012</b>   | <b>2011</b>   | <b>2010</b>   | <b>2009</b>   | <b>2008</b>   | <b>2007</b>   |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>El Paso County School District 49</b>          |               |               |               |               |               |               |               |               |               |               |
| General Fund                                      | 24.459        | 24.784        | 24.459        | 24.459        | 24.459        | 24.459        | 24.459        | 24.459        | 24.459        | 24.459        |
| Mill Levy Override                                | 9.800         | 9.800         | 9.800         | 9.800         | 9.800         | 9.800         | 9.800         | 9.800         | 9.800         | 9.800         |
| Abatement <sup>(1)</sup>                          | 0.217         | 0.325         | 0.146         | 0.114         | 0.371         | 0.321         | 0.101         | 0.203         | 0.324         | 0.076         |
| Bond Fund   | 10.159        | 11.212        | 11.212        | 11.212        | 11.212        | 11.212        | 11.212        | 11.212        | 11.212        | 11.212        |
| <b>Total for El Paso Count School District 49</b> | <b>44.635</b> | <b>45.796</b> | <b>45.617</b> | <b>45.585</b> | <b>45.842</b> | <b>45.792</b> | <b>45.572</b> | <b>45.674</b> | <b>45.795</b> | <b>45.547</b> |
| <b>City Of Colorado Springs</b>                   | <b>4.279</b>  | <b>4.279</b>  | <b>4.279</b>  | <b>4.279</b>  | <b>4.279</b>  | <b>4.279</b>  | <b>4.944</b>  | <b>4.944</b>  | <b>4.944</b>  | <b>4.944</b>  |
| <b>El Paso County</b>                             | <b>7.791</b>  | <b>7.714</b>  | <b>7.663</b>  | <b>7.762</b>  | <b>7.882</b>  | <b>7.531</b>  | <b>7.748</b>  | <b>7.514</b>  | <b>7.710</b>  | <b>7.673</b>  |
| <b>Fire Districts</b>                             |               |               |               |               |               |               |               |               |               |               |
| Black Forest                                      | 10.237        | 10.356        | 10.382        | 10.379        | 10.406        | 6.275         | 6.322         | 6.444         | 6.600         | 7.287         |
| Cimarron Hills                                    | 15.286        | 15.290        | 14.390        | 11.390        | 12.150        | 11.110        | 11.110        | 11.082        | 11.110        | 10.780        |
| Falcon  | 8.612         | 8.612         | 8.612         | 8.612         | 8.612         | 5.712         | 5.712         | 5.712         | 5.712         | 5.712         |
| Elbert  | 8.500         | 4.575         | 4.575         | 4.575         | 4.575         | 4.575         | 4.575         | 4.575         | 4.575         | 4.575         |
| Ellicott  | 9.760         | 10.220        | 10.290        | 10.168        | 9.999         | 9.319         | 9.374         | 9.116         | 4.354         | 4.481         |
| <b>Water Districts</b>                            |               |               |               |               |               |               |               |               |               |               |
| Up Blk Sqrll GW                                   | 1.057         | 1.082         | 1.082         | 1.082         | 1.082         | 1.082         | 0.682         | 0.682         | 0.682         | 0.706         |
| <b>Sanitation water districts</b>                 |               |               |               |               |               |               |               |               |               |               |
| Westmoor SWD                                      | 34.943        | 41.288        | 34.956        | 37.471        | 35.508        | 30.986        | 29.055        | 33.07         | 31.423        | 31.84         |
| <b>Special Districts</b>                          |               |               |               |               |               |               |               |               |               |               |
| Barnes & Pow N BID                                | 50.000        | 47.000        | 45.000        | 43.000        | 41.000        | 36.000        | 41.000        | 51.000        | 51.000        | 1.000         |
| Barnes & Pow S BID                                | 21.000        | 21.000        | 21.000        | 21.000        | 21.000        | 21.000        | 28.336        | 28.336        | 28.336        | 1.000         |
| EPC PID #2  | 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        | 1.000         | 1.000         |
| First & Main BID #2                               | 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        | 36.000        | 45.000        |
| Stetson Hills SIMD                                | 3.858         | 3.858         | 3.858         | 3.858         | 3.858         | 3.858         | 3.858         | 3.858         | 3.858         | 3.858         |
| <b>Metropolitan Districts</b>                     |               |               |               |               |               |               |               |               |               |               |
| 4-Way Ranch #1                                    | 45.000        | 45.000        | 45.000        | 45.000        | 45.000        | 45.000        | 45.000        | 45.000        | 45.000        | 45.000        |
| Ban Lewis Ranch #2                                | 50.000        | 50.000        | 50.000        | 50.000        | 50.000        | 50.000        | 50.000        | 50.000        | 40.000        | 40.000        |
| Ban Lewis Ranch #3                                | 50.000        | 50.000        | 50.000        |               |               |               |               |               |               |               |
| Ban Lewis Ranch Reg                               | 10.000        | 10.000        | 10.000        | 10.000        | 10.000        |               |               |               |               |               |
| Bent Grass  | 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        | 11.464        | 11.464        | 11.464        |
| Central Marksheffel                               | 30.000        | 30.000        | 40.000        | 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        |               |               |               |               |               |               |
| Falcon Highlands                                  | 35.000        | 35.000        | 35.000        | 35.216        | 35.000        | 35.000        | 35.000        | 35.000        | 35.000        | 37.500        |
| Latigo Creek                                      | 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                                  | 22.107        | 22.107        | 22.107        | 22.107        | 22.107        | 22.107        | 22.408        | 22.408        | 22.408        | 22.573        |
| Sterling Ranch #1                                 | 50.000        |               |               |               |               |               |               |               |               |               |
| Sterling Ranch #2                                 | 50.000        | 60.000        |               |               |               |               |               |               |               |               |
| Sterling Ranch #3                                 | 50.000        | 60.000        |               |               |               |               |               |               |               |               |
| Stetson Ridge #2                                  | 24.472        | 24.472        | 24.472        | 24.472        | 24.472        | 24.472        | 24.472        | 32.114        | 24.472        | 22.400        |
| Stetson Ridge #3                                  | 35.000        | 35.000        | 35.000        | 35.000        | 35.000        | 35.000        | 35.000        | 35.000        | 35.000        |               |
| Woodmen Heights #2                                | 42.000        | 42.000        | 42.000        | 42.000        | 40.000        | 40.000        | 40.000        | 40.000        | 40.000        | 35.000        |
| Woodmen Heights #3                                | 42.000        | 42.000        | 42.000        | 42.000        | 40.000        | 40.000        | 40.000        | 40.000        | 40.000        | 35.000        |
| 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:

<sup>(1)</sup> 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

| Taxpayer                          | 2016                 |      |                      | 2007                 |      |                      |
|-----------------------------------|----------------------|------|----------------------|----------------------|------|----------------------|
|                                   | 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 ELEC ASSN INC       | 7,589,430            | 2    | 1.01%                |                      |      |                      |
| BARNES & POWERS NORTH NO 1 LLC    | 5,660,010            | 3    | 0.75%                |                      |      |                      |
| ST FRANCIS LAND COMPANY LLC       | 5,249,960            | 4    | 0.70%                |                      |      |                      |
| FIRST AND MAIN NORTH NO 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 NO 1 LLC       | 4,073,430            | 7    | 0.54%                | 3,984,860            | 2    | 0.79%                |
| PUBLIC SERVICE CO OF COLO A/K/A   | 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 CORP                       |                      |      |                      | 3,360,350            | 3    | 0.67%                |
| LOWES HIW INC (1099)              |                      |      |                      | 2,376,880            | 5    | 0.47%                |
| SRPC NO 1 LLC                     |                      |      |                      | 2,144,720            | 6    | 0.43%                |
| CATHOLIC HEALTH INITIATIVES D/B/A |                      |      |                      | 1,882,610            | 7    | 0.37%                |
| DILLON 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<br>Year | Collection<br>Year | Current Tax<br>Levy | Collected within the Calendar Year<br>of the Levy |                       | Collections in<br>Subsequent<br>Years | Total Collection to Date |                       |
|--------------------|--------------------|---------------------|---|-----------------------|---------------------------------------|--------------------------|-----------------------|
|                    |                    |                     | Amount  | Percentage of<br>Levy |                                       | Amount                   | Percentage<br>of Levy |
| 2015               | 2016               | 33,564,299          | 33,322,961  | 99.3%                 | (131,285)                             | 33,191,676               | 98.9%                 |
| 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

2016 collections are from January 1 to September 30. Additional taxes will be collected from October 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

|   | 2016        | 2015        | 2014        | 2013        |
|---|-------------|-------------|-------------|-------------|
| Assessed valuation  | 751,972,470 | 689,724,560 | 664,597,320 | 663,717,810 |
| Debt Limit  | 150,394,494 | 137,944,912 | 132,919,464 | 132,743,562 |
| Total net debt applicable to limit                                      | 12,305,000  | 26,020,000  | 31,300,002  | 36,430,000  |
| Legal debt margin   | 138,089,494 | 111,924,912 | 101,619,462 | 96,313,562  |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 8.18%       | 18.86%      | 23.55%      | 27.44%      |

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

| 2012        | 2011        | 2010        | 2009        | 2008        | 2007        |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 658,494,180 | 703,938,280 | 699,610,580 | 656,524,910 | 620,028,470 | 504,523,250 |
| 131,698,836 | 140,787,656 | 139,922,116 | 131,304,982 | 124,005,694 | 100,904,650 |
| 41,085,000  | 45,085,000  | 47,935,000  | 50,630,000  | 53,150,000  | 55,305,000  |
| 90,613,836  | 95,702,656  | 91,987,116  | 80,674,982  | 70,855,694  | 45,599,650  |
| 31.20%      | 32.02%      | 34.26%      | 38.56%      | 42.86%      | 54.81%      |

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<br>Year | Collection<br>Year | Estimated Actual<br>Taxable Value | General Bonded Debt | Ratio of General<br>Bonded Debt to<br>Estimated Actual<br>Taxable Value | Population | Net Bonded<br>Debt per<br>Capita |
|--------------------|--------------------|-----------------------------------|---------------------|---|------------|----------------------------------|
| 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                              |
| 2007               | 2008               | 5,899,026,417                     | 53,150,000          | 0.90%   | 69,116     | 769                              |
| 2006               | 2007               | 4,853,147,177                     | 55,305,000          | 1.14%   | 65,268     | 847                              |

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<br>Expenditures for General<br>Bonded Debt | Total General Fund<br>Expenditures | Ratio of Annual Debt Service<br>Expenditures for General<br>Bonded Debt to Total<br>General Fund Expenditures |
|-------------|--|------------------------------------|---|
| 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<br>Obligation<br>Bonds | Certificates of<br>Participation | Capital<br>Leases | Total Primary<br>Government | Population | Per Capita | Aggregate<br>Income | Percentage<br>of Aggregate<br>Income | Funded Pupil<br>Count | Total Debt<br>per Pupil |
|-------------|--------------------------------|----------------------------------|-------------------|-----------------------------|------------|------------|---------------------|--------------------------------------|-----------------------|-------------------------|
| 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, 2016

|                                   | 2016 Assessed<br>Valuation | Entity's Debt<br>Outstanding | Estimated<br>Percentage<br>Applicable | Estimated Share of<br>Overlapping Debt |
|-----------------------------------|----------------------------|------------------------------|---------------------------------------|--|
| <b>Direct Debt:</b>               |                            |                              |                                       |  |
| El Paso County School District 49 | 751,972,470                | 12,305,000                   | 100.00%                               | 12,305,000                             |
| <b>Overlapping Debt:</b>          |                            |                              |                                       |  |
| City Of Colorado Springs          | 4,985,581,710              | 53,151,000                   | 13.17%                                | 7,001,349                              |
| El Paso County                    | 6,852,654,340              | 157,498,974                  | 6.18%                                 | 9,728,150                              |
| <b>Fire Districts</b>             |                            |                              |                                       |  |
| Black Forest                      | 141,335,670                | 998,575                      | 8.08%                                 | 80,684                                 |
| Cimarron Hills                    | 124,750,120                | -                            | 49.56%                                | -                                      |
| Falcon                            | 321,445,960                | -                            | 81.27%                                | -                                      |
| Elbert                            | 5,776,280                  | -                            | 19.74%                                | -                                      |
| Ellicott                          | 25,993,190                 | N/A                          | 0.24%                                 | -                                      |
| <b>Water Districts</b>            |                            |                              |                                       |  |
| Up Blk Sqrll GW                   | 264,022,550                | -                            | 20.08%                                | -                                      |
| <b>Sanitation water districts</b> |                            |                              |                                       |  |
| Westmoor SWD                      | 59,240                     | -                            | 100.00%                               | -                                      |
| <b>Special Districts</b>          |                            |                              |                                       |  |
| Barnes & Pow N BID                | 19,249,140                 | 8,410                        | 100.00%                               | 8,410                                  |
| Barnes & Pow S BID                | 18,950,660                 | -                            | 100.00%                               | -                                      |
| EPC PID #2                        | 9,616,220                  | -                            | 43.05%                                | -                                      |
| First & Main BID                  | 3,260,570                  | 1,495,000                    | 100.00%                               | 1,495,000                              |
| First & Main BID #2               | 10,391,320                 | 7,570,000                    | 100.00%                               | 7,570,000                              |
| First & Main North BID            | 4,091,470                  | 1,688,505                    | 100.00%                               | 1,688,505                              |
| Stetson Hills SIMD                | 71,390,210                 | -                            | 100.00%                               | -                                      |
| <b>Metropolitan Districts</b>     |                            |                              |                                       |  |
| 4-Way Ranch #1                    | 1,472,370                  | 2,975,000                    | 100.00%                               | 2,975,000                              |
| Ban Lewis Ranch #2                | 19,249,140                 | 10,920,000                   | 100.00%                               | 10,920,000                             |
| Ban Lewis Ranch #3                | 2,066,940                  | 8,455,000                    | 100.00%                               | 8,455,000                              |
| Ban Lewis Ranch Reg               | 24,733,390                 | -                            | 45.71%                                | -                                      |
| Bent Grass                        | 1,555,450                  | 800,000                      | 100.00%                               | 800,000                                |
| Bobcat Meadows                    | 2,526,550                  | -                            | 100.00%                               | -                                      |
| Central Marksheffel               | 24,260,500                 | 11,880,000                   | 82.01%                                | 9,742,357                              |
| Constitution Heights MD           | 8,435,940                  | 4,330,000                    | 100.00%                               | 4,330,000                              |
| Dublin North #2                   | 4,135,430                  | 4,415,916                    | 100.00%                               | 4,415,916                              |
| Falcon Highlands                  | 18,365,360                 | 19,461,507                   | 100.00%                               | 19,461,507                             |
| Latigo Creek                      | 527,670                    | -                            | 100.00%                               | -                                      |
| Meridian Ranch                    | 40,482,280                 | 41,995,000                   | 100.00%                               | 41,995,000                             |
| Paintbrush Hills                  | 16,488,770                 | -                            | 100.00%                               | -                                      |
| Sterling Ranch #1                 | 10                         | -                            | 100.00%                               | -                                      |
| Sterling Ranch #2                 | 113,290                    | 9,062,406                    | 55.49%                                | 5,028,706                              |
| Sterling Ranch #3                 | 20,230                     | -                            | 49.45%                                | -                                      |

|                    | 2016 Assessed | Entity's Debt | Estimated  | Estimated Share of |
|--------------------|---------------|---------------|------------|--------------------|
| Direct Debt:       | Valuation     | Outstanding   | Percentage | Overlapping Debt   |
| Stetson Ridge #2   | 32,603,020    | 1,740,000     | 100.00%    | 1,740,000          |
| Stetson Ridge #3   | 3,943,970     | 4,990,000     | 100.00%    | 4,990,000          |
| Woodmen Heights #2 | 23,351,820    | -             | 78.59%     | -                  |
| Woodmen Heights #3 | 1,706,300     | -             | 82.54%     | -                  |
| Woodmen Road       | 125,884,470   | 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<br>Income | Per Capital<br>Personal<br>Income | School<br>Enrollment | Unemployment<br>rate |
|-------------|------------|--------------------------|-----------------------------------|----------------------|----------------------|
| 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 and 2016 are estimated based on prior years growth.



EL PASO COUNTY SCHOOL DISTRICT 49  
Principal Employers for the Pikes Peak Region  
Current Year and Nine Years Ago

| Employer                              | Rank | Percentage of<br>Total County<br>Employment | Rank | Percentage of<br>Total County<br>Employment |
|---------------------------------------|------|---|------|---|
|                                       |      | 2016  |      | 2005  |
| Fort Carson Army Post                 | 1    | 10.22%                                      | 1    | 8.70%                                       |
| Peterson Air Force Base               | 2    | 4.17%                                       | 2    | 6.10%                                       |
| United States Air Force Academy       | 3    | 3.13%                                       | 3    | 2.83%                                       |
| Colorado Springs School District #11  | 4    | 2.21%                                       | 5    | 1.54%                                       |
| Academy School District #20           | 5    | 1.25%                                       | 9    | 1.04%                                       |
| Memorial Hospital - UC Health         | 6    | 1.22%                                       | 6    | 1.46%                                       |
| Penrose-St. Francis Health Services   | 7    | 1.09%                                       | 8    | 1.20%                                       |
| Schriever Air Force Base <sup>2</sup> | 8    | 1.08%                                       | 4    | 1.95%                                       |
| City of Colorado Springs <sup>1</sup> | 9    | 0.89%                                       | 7    | 1.22%                                       |
| El Paso County                        | 10   | 0.81%                                       | -    | 0.82%                                       |
| Lockheed Martin                       | -    | 0.52%                                       | 10   | 0.85%                                       |

Source: [https://coloradosprings.gov/sites/default/files/2015\\_final\\_cafr.pdf](https://coloradosprings.gov/sites/default/files/2015_final_cafr.pdf) p.262

2015 is the most current CAFR available from City of Colorado Springs, the City's Fiscal Year is from January to December.

<sup>1</sup> 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.

<sup>2</sup> 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

|                               | 2016  | 2015  | 2014  | 2013  | 2012  |
|-------------------------------|-------|-------|-------|-------|-------|
| Classroom Instruction         | 933   | 920   | 914   | 817   | 787   |
| Teaching Assistants           | 300   | 251   | 209   | 119   | 149   |
| General Office Support        | 102   | 100   | 113   | 96    | 77    |
| Instructional Support         | 75    | 72    | 60    | 53    | 51    |
| Facility Workers              | 66    | 69    | 69    | 64    | 61    |
| Other Assistants              | 61    | 79    | 64    | 82    | 56    |
| Man.Dir.Sup. Coord.           | 60    | 39    | 24    | 8     | 8     |
| Principals/Asst/Assoc         | 53    | 50    | 64    | 48    | 42    |
| Bus Drivers                   | 47    | 49    | 46    | 47    | 44    |
| Other Paraprofessionals       | 41    | 43    | 64    | 41    | 13    |
| Special Service Providers     | 41    | 42    | 34    | 33    | 30    |
| Food Services                 | 35    | 39    | 46    | 42    | 43    |
| Professionals Support         | 33    | 17    | 16    | 14    | 11    |
| Foreman/Lead Workers          | 29    | 31    | 33    | 33    | 37    |
| Coord./Supr.                  | 18    | 13    | 11    | 8     | 6     |
| Office Manager/Supervisor     | 18    | 36    | 31    | 12    | 14    |
| Security                      | 11    | 12    | 12    | 12    | 10    |
| Supt/Asst Supt/BOCES Director | 9     | 9     | 9     | 6     | 6     |
| Computer Technology           | 6     | 4     | 12    | 5     | 9     |
| Vehicle Drivers/Workers       | 4     | 4     | 3     | 4     | 5     |
| Total                         | 1,942 | 1,879 | 1,834 | 1,543 | 1,459 |

Source: District Financial Records

2007-2009 data does not include charter school information.

| 2011  | 2010  | 2009  | 2008  | 2007  |
|-------|-------|-------|-------|-------|
| 818   | 850   | 719   | 700   | 649   |
| 190   | 229   | 193   | 175   | 162   |
| 76    | 76    | 78    | 73    | 73    |
| 65    | 60    | 57    | 49    | 50    |
| 84    | 79    | 104   | 93    | 79    |
| 47    | 41    | 73    | 77    | 81    |
| 14    | 15    | 28    | 22    | 21    |
| 45    | 50    | 42    | 37    | 36    |
| 51    | 53    | 80    | 87    | 72    |
| 11    | 11    | 32    | 31    | 33    |
| 40    | 42    | 35    | 39    | 38    |
| 44    | 36    | 57    | 53    | 58    |
| 20    | 18    | 12    | 12    | 17    |
| 38    | 38    | 33    | 30    | 30    |
| 6     | 7     | 8     | 7     | 3     |
| 15    | 16    | 10    | 9     | 7     |
| 12    | 12    | 10    | 7     | 8     |
| 3     | 3     | 2     | 2     | 2     |
| 14    | 12    | 13    | 13    | 12    |
| 5     | 5     | 5     | 4     | 5     |
| 1,598 | 1,653 | 1,591 | 1,520 | 1,436 |

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

|                             | 2016   | 2015   | 2014   | 2013   |
|-----------------------------|--------|--------|--------|--------|
| <b>Elementary Schools</b>   |        |        |        |        |
| Falcon (1982)               |        |        |        |        |
| Building Square feet        | 38,561 | 38,561 | 38,561 | 38,561 |
| Modular Square feet         | 5,640  | 5,640  | 5,640  | 5,640  |
| Core Capacity (building)    | 425    | 425    | 425    | 425    |
| Total Capacity (w/modulars) | 575    | 575    | 575    | 575    |
| Enrollment                  | 319    | 317    | 324    | 319    |
| Meridian Ranch (2003)       |        |        |        |        |
| Building Square feet        | 55,731 | 55,731 | 55,731 | 55,731 |
| Modular Square feet         | 1,440  | 1,440  | 1,440  | 1,440  |
| Core Capacity (building)    | 650    | 650    | 650    | 650    |
| Total Capacity (w/modulars) | 700    | 700    | 700    | 700    |
| Enrollment                  | 727    | 748    | 698    | 638    |
| Woodmen Hills (2000)        |        |        |        |        |
| Building Square feet        | 51,603 | 51,603 | 51,603 | 51,603 |
| Modular Square feet         | 11,039 | 11,039 | 11,039 | 11,039 |
| Core Capacity (building)    | 600    | 600    | 600    | 600    |
| Total Capacity (w/modulars) | 900    | 900    | 900    | 900    |
| Enrollment                  | 738    | 744    | 743    | 729    |
| Evans (1976)                |        |        |        |        |
| Building Square feet        | 53,101 | 53,101 | 53,101 | 53,101 |
| Modular Square feet         | 11,296 | 11,296 | 11,296 | 11,296 |
| Core Capacity (building)    | 550    | 550    | 550    | 550    |
| Total Capacity (w/modulars) | 850    | 850    | 850    | 850    |
| Enrollment                  | 684    | 678    | 666    | 722    |
| Remington (1997)            |        |        |        |        |
| Building Square feet        | 49,784 | 49,784 | 49,784 | 49,784 |
| Modular Square feet         | 2,880  | 2,880  | 2,880  | 2,880  |
| Core Capacity (building)    | 600    | 600    | 600    | 600    |
| Total Capacity (w/modulars) | 700    | 700    | 700    | 700    |
| Enrollment                  | 580    | 565    | 571    | 560    |
| Springs Ranch (2002)        |        |        |        |        |
| Building Square feet        | 56,914 | 56,914 | 56,914 | 56,914 |
| Modular Square feet         | 2,880  | 2,880  | 2,880  | 2,880  |
| Core Capacity (building)    | 650    | 650    | 650    | 650    |
| Total Capacity (w/modular)  | 750    | 750    | 750    | 750    |
| Enrollment                  | 573    | 592    | 654    | 666    |
| Ridgeview (2002)            |        |        |        |        |
| Building Square feet        | 57,362 | 57,362 | 57,362 | 57,362 |
| Modular Square feet         | 5,760  | 5,760  | 5,760  | 5,760  |
| Core Capacity (building)    | 600    | 600    | 600    | 600    |

| 2012   | 2011   | 2010   | 2009   | 2008   | 2007   |
|--------|--------|--------|--------|--------|--------|
| 38,561 | 38,561 | 38,561 | 38,561 | 38,561 | 38,561 |
| 5,640  | 5,640  | 5,640  | 5,640  | 5,640  | 5,640  |
| 425    | 425    | 425    | 425    | 425    | 425    |
| 575    | 575    | 575    | 575    | 575    | 575    |
| 341    | 339    | 326    | 368    | 433    | 417    |
| 55,731 | 55,731 | 55,731 | 55,731 | 55,731 | 55,731 |
| 1,440  | 1,440  | 1,440  | 1,440  | 1,440  | 1,440  |
| 650    | 650    | 650    | 650    | 650    | 650    |
| 700    | 700    | 700    | 700    | 700    | 700    |
| 607    | 595    | 595    | 628    | 669    | 647    |
| 51,603 | 51,603 | 51,603 | 51,603 | 51,603 | 51,603 |
| 11,039 | 11,039 | 11,039 | 11,039 | 11,039 | 12,533 |
| 600    | 600    | 600    | 600    | 600    | 600    |
| 900    | 900    | 900    | 900    | 900    | 950    |
| 714    | 727    | 726    | 748    | 863    | 867    |
| 53,101 | 53,101 | 53,101 | 53,101 | 53,101 | 53,101 |
| 7,760  | 7,760  | 7,760  | 7,760  | 7,760  | 7,760  |
| 550    | 550    | 550    | 550    | 550    | 550    |
| 825    | 825    | 825    | 825    | 825    | 825    |
| 679    | 652    | 666    | 650    | 643    | 694    |
| 49,784 | 49,784 | 49,784 | 49,784 | 49,784 | 49,784 |
| 2,880  | 2,880  | 2,880  | 2,880  | 2,880  | 2,880  |
| 600    | 600    | 600    | 600    | 600    | 600    |
| 700    | 700    | 700    | 700    | 700    | 700    |
| 593    | 624    | 586    | 538    | 508    | 546    |
| 56,914 | 56,914 | 56,914 | 56,914 | 56,914 | 45,979 |
| 2,880  | 2,880  | 2,880  | 2,880  | 2,880  | 2,880  |
| 650    | 650    | 650    | 650    | 650    | 450    |
| 750    | 750    | 750    | 750    | 750    | 550    |
| 702    | 676    | 663    | 625    | 635    | 661    |
| 57,362 | 57,362 | 57,362 | 57,362 | 57,362 | 57,362 |
| 5,760  | 5,760  | 5,760  | 5,760  | 5,760  | 5,760  |
| 600    | 600    | 600    | 600    | 600    | 600    |

|                                  | 2016    | 2015    | 2014    | 2013    |
|----------------------------------|---------|---------|---------|---------|
| Total Capacity (w/modulars)      | 800     | 800     | 800     | 800     |
| Enrollment                       | 760     | 916     | 720     | 692     |
| <b>Stetson Elementary (1987)</b> |         |         |         |         |
| Building Square feet             | 50,223  | 50,223  | 50,223  | 50,223  |
| Modular Square feet              | 12,120  | 12,120  | 12,120  | 12,120  |
| Core Capacity (building)         | 525     | 525     | 525     | 525     |
| Total Capacity (w/modulars)      | 875     | 875     | 875     | 875     |
| Enrollment                       | 568     | 619     | 613     | 625     |
| <b>Odyssey Elementary (2006)</b> |         |         |         |         |
| Building Square feet             | 44,505  | 44,505  | 44,505  | 44,505  |
| Modular Square feet              | 5,760   | 5,760   | 5,760   | 5,760   |
| Core Capacity (building)         | 450     | 450     | 450     | 450     |
| Total Capacity (w/modulars)      | 650     | 650     | 650     | 650     |
| Enrollment                       | 550     | 579     | 572     | 571     |
| <b>Middle Schools</b>            |         |         |         |         |
| <b>Falcon Middle (1976)</b>      |         |         |         |         |
| Building Square feet             | 92,421  | 92,421  | 92,421  | 92,421  |
| Modular Square feet              | 5,640   | 5,640   | 5,640   | 5,640   |
| Core Capacity (building)         | 800     | 800     | 800     | 800     |
| Total Capacity (w/modulars)      | 1,000   | 1,000   | 1,000   | 1,000   |
| Enrollment                       | 907     | 934     | 902     | 918     |
| <b>Horizon Middle (1985)</b>     |         |         |         |         |
| Building Square feet             | 66,380  | 66,380  | 66,380  | 66,380  |
| Modular Square feet              | 43,488  | 7,200   | 7,200   | 7,200   |
| Core Capacity (building)         | 625     | 625     | 625     | 625     |
| Total Capacity (w/modulars)      | 1,175   | 800     | 800     | 800     |
| Enrollment                       | 650     | 626     | 610     | 623     |
| <b>Skyview Middle (2000)</b>     |         |         |         |         |
| Building Square feet             | 122,317 | 122,317 | 122,317 | 122,317 |
| Modular Square feet              | 14,760  | 14,760  | 14,760  | 14,760  |
| Core Capacity (building)         | 900     | 900     | 900     | 900     |
| Total Capacity (w/modulars)      | 1,350   | 1,350   | 1,350   | 1,350   |
| Enrollment                       | 1,127   | 1,144   | 1,022   | 1,028   |
| <b>High Schools</b>              |         |         |         |         |
| <b>Falcon High (2007)</b>        |         |         |         |         |
| Building Square feet             | 176,352 | 176,352 | 176,352 | 176,352 |
| Modular Square feet              | -       | -       | -       | -       |
| Core Capacity (building)         | 1,200   | 1,200   | 1,200   | 1,200   |
| Total Capacity (w/modulars)      | 1,200   | 1,200   | 1,200   | 1,200   |
| Enrollment                       | 1,238   | 1,275   | 1,242   | 1,291   |
| <b>Sand Creek High (1997)</b>    |         |         |         |         |
| Building Square feet             | 189,866 | 189,866 | 189,866 | 189,866 |
| Modular Square feet              | 8,640   | 8,640   | 8,640   | 11,520  |
| Core Capacity (building)         | 1,600   | 1,600   | 1,600   | 1,600   |
| Total Capacity (w/modulars)      | 1,900   | 1,900   | 1,900   | 1,950   |
| Enrollment                       | 1,274   | 1,245   | 1,238   | 1,184   |

|         |         |         |         |         |         |
|---------|---------|---------|---------|---------|---------|
| 2012    | 2011    | 2010    | 2009    | 2008    | 2007    |
| 800     | 800     | 800     | 800     | 800     | 800     |
| 701     | 684     | 718     | 735     | 700     | 748     |
| 50,223  | 50,223  | 50,223  | 50,223  | 50,223  | 50,223  |
| 12,120  | 12,120  | 12,120  | 12,120  | 12,120  | 12,120  |
| 525     | 525     | 525     | 525     | 525     | 525     |
| 875     | 875     | 875     | 875     | 875     | 875     |
| 624     | 630     | 680     | 733     | 718     | 716     |
| 44,505  | 44,505  | 44,505  | 44,505  | 44,505  | 44,505  |
| 5,760   | 5,760   | 5,760   | 5,760   | 5,760   | 5,760   |
| 450     | 450     | 450     | 450     | 450     | 450     |
| 650     | 650     | 650     | 650     | 650     | 450     |
| 564     | 544     | 548     | 573     | 572     | 554     |
| 92,421  | 92,421  | 92,421  | 92,421  | 92,421  | 41,929  |
| 5,640   | 5,640   | 5,640   | 4,200   | 4,200   | 10,572  |
| 800     | 800     | 800     | 800     | 800     | 425     |
| 1,000   | 1,000   | 1,000   | 1,000   | 1,000   | 775     |
| 911     | 908     | 903     | 942     | 622     | 551     |
| 66,380  | 66,380  | 66,380  | 66,380  | 66,380  | 66,380  |
| 9,500   | 9,500   | 9,500   | 9,500   | 9,500   | 9,500   |
| 625     | 625     | 625     | 625     | 625     | 625     |
| 875     | 875     | 875     | 875     | 875     | 875     |
| 615     | 652     | 672     | 662     | 696     | 691     |
| 122,317 | 122,317 | 122,317 | 122,317 | 122,317 | 85,257  |
| 14,760  | 7,200   | 7,200   | 7,200   | 7,200   | 7,200   |
| 900     | 900     | 900     | 900     | 900     | 525     |
| 1,150   | 1,150   | 1,150   | 1,150   | 1,150   | 775     |
| 1,024   | 1,081   | 1,178   | 1,129   | 1,147   | 1,038   |
| 176,352 | 176,352 | 176,352 | 176,352 | 176,352 | 92,421  |
| -       | -       | -       | -       | -       | 4,200   |
| 1,200   | 1,200   | 1,200   | 1,200   | 1,200   | 800     |
| 1,200   | 1,200   | 1,200   | 1,200   | 1,200   | 1,000   |
| 1,239   | 1,298   | 1,287   | 1,236   | 1,157   | 1,039   |
| 189,866 | 189,866 | 189,866 | 189,866 | 189,866 | 189,866 |
| 11,520  | 19,080  | 18,080  | 18,080  | 16,640  | 15,200  |
| 1,600   | 1,600   | 1,600   | 1,600   | 1,600   | 1,600   |
| 2,200   | 2,200   | 2,200   | 2,200   | 2,150   | 2,100   |
| 1,175   | 1,162   | 1,296   | 1,535   | 2,084   | 2,054   |

|  | 2016    | 2015    | 2014    | 2013    |
|--|---------|---------|---------|---------|
| Vista Ridge High (2008)                            |         |         |         |         |
| Building Square feet                               | 166,617 | 166,617 | 166,617 | 166,617 |
| Modular Square feet                                | -       | -       | -       | -       |
| Core Capacity (building)                           | 1,200   | 1,200   | 1,200   | 1,200   |
| Total Capacity (w/modulars)                        | 1,200   | 1,200   | 1,200   | 1,200   |
| Enrollment   | 1,437   | 1,338   | 1,230   | 1,195   |
| <b>Charter Schools</b>                             |         |         |         |         |
| Imagine Classical Academy (2010)                   |         |         |         |         |
| Building Square feet                               | 48,000  | 48,000  | 48,000  | 48,000  |
| Modular Square feet                                | 1,440   | 1,440   | -       | -       |
| Core Capacity (building)                           | 800     | 800     | 800     | 800     |
| Total Capacity (w/modulars)                        | 850     | 850     | 800     | 800     |
| Enrollment   | 773     | 743     | 831     | 858     |
| Pikes Peak School of Expeditionary Learning (2008) |         |         |         |         |
| Building Square feet                               | 28,967  | 28,967  | 28,967  | 28,967  |
| Modular Square feet                                | -       | -       | -       | -       |
| Core Capacity (building)                           | 475     | 475     | 475     | 475     |
| Total Capacity (w/modulars)                        | 475     | 475     | 475     | 475     |
| Enrollment   | 439     | 408     | 384     | 397     |
| Rocky Mountain Classical Academy (2015)            |         |         |         |         |
| Building Square feet                               | 93,000  | 35,000  | 35,000  | 35,000  |
| Modular Square feet                                | -       | 36,288  | 36,288  | 36,288  |
| Core Capacity (building)                           | 1,200   | 475     | 475     | 475     |
| Total Capacity (w/modulars)                        | 1,200   | 1,075   | 1,075   | 1,075   |
| Enrollment   | 1,467   | 1,300   | 746     | 675     |
| Banning Lewis Ranch Academy (2008)                 |         |         |         |         |
| Building Square feet                               | 57,000  | 57,000  | 57,000  | 57,000  |
| Modular Square feet                                | 1,440   | 1,440   | 1,440   | 1,440   |
| Core Capacity (building)                           | 675     | 675     | 675     | 675     |
| Total Capacity (w/modulars)                        | 725     | 725     | 725     | 725     |
| Enrollment   | 752     | 749     | 750     | 737     |
| GOAL Academy                                       |         |         |         |         |
| Building Square feet                               | 185,278 |         |         |         |
| Modular Square feet                                | -       |         |         |         |
| Capacity (students)                                | N/A     | N/A     | N/A     |         |
| Enrollment   | 4,070   | 3,259   | 3,149   | -       |
| <b>Other Buildings</b>                             |         |         |         |         |
| Springs Studio for Academic Excellence (2012)      |         |         |         |         |
| Building Square feet                               | 20,000  | 20,000  | 20,000  | 20,000  |
| Modular Square feet                                | -       | -       | -       | -       |
| Capacity (students)                                | 600     | 600     | 600     | 600     |
| Enrollment   | 521     | 321     | 496     | 421     |
| Patriot Learning Center (1952)                     |         |         |         |         |
| Building Square feet (plus butler & art)           | 41,929  | 41,929  | 41,929  | 41,929  |
| Modular Square feet                                | 10,572  | 10,572  | 10,572  | 10,572  |
| Core Capacity (building)                           | 125     | 125     | 125     | 125     |



| 2012    | 2011    | 2010    | 2009    | 2008   | 2007   |
|---------|---------|---------|---------|--------|--------|
| 159,787 | 159,787 | 159,787 | 159,787 |        |        |
| -       | -       | -       | -       | -      | -      |
| 1,200   | 1,200   | 1,200   | 1,200   |        |        |
| 1,200   | 1,200   | 1,200   | 1,200   |        |        |
| 1,147   | 1,105   | 896     | 602     | -      | -      |
|         |         |         |         |        |        |
| 48,000  | 48,000  | -       | -       | -      | -      |
| -       | -       | 20,160  | 20,160  | -      | -      |
| 800     | 800     | 350     | 350     | -      | -      |
| 800     | 800     | 350     | 350     | -      | -      |
| 802     | 687     | 592     | 197     | -      | -      |
|         |         |         |         |        |        |
| 28,967  | 28,967  | 28,967  | 28,967  | 3,997  | 3,997  |
| -       | -       | -       | -       | 7,404  | 7,404  |
| 475     | 475     | 475     | 475     | 200    | 200    |
| 475     | 475     | 475     | 475     | 200    | 200    |
| 396     | 383     | 345     | 248     | 193    | 161    |
|         |         |         |         |        |        |
| 35,000  | 35,000  | 35,000  | 35,000  | -      | -      |
| 36,288  | 36,288  | 36,288  | 36,288  | 36,288 | 36,288 |
| 475     | 475     | 475     | 475     | 0      | -      |
| 1,075   | 1,075   | 1,075   | 1,075   | 600    | 600    |
| 892     | 924     | 824     | 679     | 544    | 376    |
|         |         |         |         |        |        |
| 57,000  | 57,000  | 57,000  | 57,000  | -      | -      |
| 1,440   | -       | -       | -       | -      | -      |
| 675     | 675     | 675     | 675     |        |        |
| 725     | -       | -       | -       | -      | -      |
| 742     | 712     | 697     | 601     | 599    | 496    |
|         |         |         |         |        |        |
| -       | -       | -       | -       | -      | -      |
|         |         |         |         |        |        |
| 7,000   | 7,000   |         |         |        |        |
|         |         |         |         |        |        |
| 225     | 225     | -       | -       | -      | -      |
| 362     | 105     | -       | -       | -      | -      |
|         |         |         |         |        |        |
| 41,929  | 41,929  | 41,929  | 41,929  |        |        |
| 10,572  | 10,572  | 10,572  | 10,572  |        |        |
| 125     | 125     | 125     | 125     |        |        |

|  | 2016   | 2015   | 2014   | 2013   |
|--|--------|--------|--------|--------|
| Total Capacity (w/modulars)              | 325    | 325    | 325    | 325    |
| Enrollment                               | 201    | 258    | 249    | 244    |
| Homeschool (2001)                        |        |        |        |        |
| Building Square feet                     | 7,000  | 7,000  | 7,000  | 7,000  |
| Modular Square feet                      | -      | -      | -      | -      |
| Capacity (students)                      | 225    | 225    | 225    | 225    |
| Enrollment                               | 206    | 194    | 470    | 385    |
| <b>Administration Buildings</b>          |        |        |        |        |
| Central Office (1981)                    |        |        |        |        |
| Building Square feet                     | 6,134  | 6,134  | 6,134  | 6,134  |
| Modular Square feet                      | 7,212  | 7,212  | 7,884  | 8,076  |
| Transportation/Nutrition Services (2002) |        |        |        |        |
| Building Square feet                     | 25,800 | 25,800 | 25,800 | 25,800 |
| Modular Square feet                      | 1,440  | 1,440  | 1,440  | 1,440  |
| Creekside (2008)                         |        |        |        |        |
| Building Square feet                     | 35,806 |        |        |        |
| Modular Square feet                      | -      |        |        |        |
| Total Student Population                 | 20,561 | 19,552 | 18,880 | 15,478 |

\* 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

| 2012   | 2011   | 2010   | 2009   | 2008   | 2007   |
|--------|--------|--------|--------|--------|--------|
| 325    | 325    | 325    | 325    |        |        |
| 233    | 220    | 200    | 187    |        |        |
|        |        |        |        | -      | -      |
| -      | -      | -      | -      | -      | -      |
| -      | -      | -      | -      | -      | -      |
|        |        |        |        |        |        |
| 6,134  | 6,134  | 6,134  | 6,134  | 6,134  | 6,134  |
| 8,076  | 8,076  | 8,076  | 8,076  | 8,076  | 8,076  |
|        |        |        |        |        |        |
| 25,800 | 25,800 | 25,800 | 25,800 | 25,800 | 25,800 |
| 1,440  | 1,440  | 1,440  | 1,440  | 1,440  |        |
|        |        |        |        |        |        |
|        |        |        |        |        |        |
| 15,063 | 14,708 | 14,398 | 13,616 | 12,783 | 12,256 |

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

| Governmental Activities   | 2016        | 2015        | 2014        | 2013        |
|---------------------------|-------------|-------------|-------------|-------------|
| Instruction               | 211,624,573 | 210,439,589 | 206,271,659 | 205,341,762 |
| General Administration    | 12,593,392  | 12,313,675  | 8,622,325   | 7,121,798   |
| Operation and Maintenance | 464,480     | 326,569     | 276,762     | 91,930      |
| Student Transportation    | 8,773,770   | 8,249,302   | 7,694,696   | 7,424,696   |
| Technology                | 1,916,705   | 1,916,705   | 1,916,705   | 1,916,705   |
| Business                  | 45,229      | 45,229      | 45,229      | 45,229      |
| Business-type Activities  |             |             |             |             |
| Food Service              | -           | -           | 1,101,957   | 1,101,956   |
| Total                     | 235,418,150 | 233,291,069 | 225,929,333 | 223,044,076 |

Source: District Financial Records

| 2012        | 2011        | 2010        | 2009        | 2008        | 2007        |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 201,779,181 | 197,631,047 | 196,365,203 | 196,984,706 | 191,367,260 | 141,420,892 |
| 7,021,798   | 6,950,027   | 6,778,232   | 5,802,432   | 5,604,270   | 4,697,904   |
| 48,394      | 48,394      | 48,394      | 48,394      | 48,394      | 48,394      |
| 7,424,696   | 7,371,620   | 6,761,030   | 6,517,820   | 6,168,661   | 6,073,123   |
| 1,879,589   | 1,879,589   | 1,838,890   | 852,318     | 460,045     | 84,380      |
| 45,229      | 45,229      | 45,229      | 12,589      | 12,589      | 12,589      |
| 1,101,956   | 1,101,956   | 1,070,696   | 1,043,007   | 956,916     | 911,111     |
| 219,300,843 | 215,027,862 | 212,907,674 | 211,261,265 | 204,618,134 | 153,248,394 |

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

|  | 2016        | 2015         | 2014         | 2013         |
|--|-------------|--------------|--------------|--------------|
| Primary Government Expenses                | 140,398,047 | 132,358,799  | 115,174,821  | 108,441,190  |
| Enrollment, Oct 1 count                    | 20,561      | 19,552       | 18,880       | 15,478       |
| Funded Pupil Count (FPC)                   | 21,839.3    | 20,222.5     | 18,279.3     | 14,572.9     |
| Cost per FPC                               | 6,428.69    | 6,545.13     | 6,300.83     | 7,441.29     |
| Per Pupil Funding After Negative Factor    | 6,977.57    | 6,688.52     | 6,303.45     | 6,139.43     |
| Students Qualified for Federal Assistance: |             |              |              |              |
| Free Lunch Program                         | 5,560       | 4,961        | 4,267        | 2,316        |
| Reduced Lunch Program                      | 1,556       | 1,345        | 1,404        | 959          |
| ACT Average Composite score                |             |              |              |              |
| Falcon Virtual Academy                     | 19.6        | 19.1         | 19.9         | 21.0         |
| Falcon HS                                  | 20.2        | 20.1         | 19.9         | 20.0         |
| Sand Creek HS                              | 19.8        | 19.4         | 19.8         | 19.9         |
| Vista Ridge HS                             | 20.3        | 19.6         | 18.8         | 19.1         |
| Patriot Learning Center                    | 15.4        | 14.7         | 16.3         | 16.7         |
| Goal Academy                               | 15.4        | 16.1         | 16.3         | -            |
| Colorado Average                           | 20.4        | 20.1         | 20.3         | 20.1         |
| Dropout Rate                               | TBD         | 5.9          | 4.6          | 0.6          |
| Graduation Rates                           |             |              |              |              |
| Falcon Virtual Academy                     | TBD         | 91.9%        | 91.2%        | 92.3%        |
| Falcon High School                         | TBD         | 92.1%        | 96.3%        | 94.4%        |
| Goal Academy                               | TBD         | 30.2%        | 31.5%        |              |
| Patriot Learning Center                    | TBD         | 42.0%        | 57.4%        | 64.1%        |
| Sand Creek High School                     | TBD         | 89.0%        | 89.8%        | 88.7%        |
| Vista Ridge High School                    | TBD         | 88.1%        | 92.1%        | 94.6%        |
| CO state                                   | TBD         | <b>77.3%</b> | <b>77.3%</b> | <b>76.9%</b> |

| 2012         | 2011        | 2010        | 2009        | 2008        | 2007        |
|--------------|-------------|-------------|-------------|-------------|-------------|
| 95,914,797   | 103,533,372 | 106,550,684 | 112,004,016 | 98,547,589  | 80,993,652  |
| 15,063       | 14,708      | 14,398      | 13,616      | 12,783      | 12,256      |
| 14,283.7     | 14,027.8    | 13,698.0    | 12,984.3    | 12,221.5    | 11,580.5    |
| 6,714.98     | 7,380.59    | 7,778.56    | 8,626.11    | 8,063.46    | 6,993.97    |
| 6,137.57     | 6,202.47    | 6,872.52    | 6,529.78    | 6,279.02    | 5,981.42    |
| 2,145        | 1,813       | 1,827       | 1,314       | 1,176       | 1,019       |
| 1,027        | 909         | 887         | 974         | 808         | 678         |
| -            | -           | -           | -           | -           | -           |
| 19.9         | 20.0        | 20.4        | 19.5        | 19.08       | 19.4        |
| 18.6         | 18.7        | 19.0        | 18.6        | 19.28       | 18.6        |
| 19.2         | 19.2        | 19.8        | -           | -           | -           |
| 15.8         | 15.0        | 15.7        | 15.3        | -           | -           |
| -            | -           | -           | -           | -           | -           |
| 20.0         | 19.9        | 19.4        | 19.6        | 19.4        | 19.1        |
| 0.7          | 0.9         |             |             |             |             |
| 85.7%        | 66.7        |             |             |             |             |
| 92.6%        | 94.7        | 88.8        | 84.7        | 84.2        | 83.9        |
| 62.4%        | 55.4        | 56.2        | 50.0        |             |             |
| 91.4%        | 86.6        | 86.2        | 80.8        | 77.5        | 82.9        |
| 95.3%        | 89.1        |             |             |             |             |
| <b>75.4%</b> | <b>73.9</b> | <b>72.4</b> | <b>74.6</b> | <b>73.9</b> | <b>75.0</b> |

## **COMPLIANCE SECTION**



## **SINGLE AUDIT**

**EL PASO COUNTY SCHOOL DISTRICT 49**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

| <b>Federal Grantor/Pass-Through<br/>Grantor/Program or Cluster Title</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass-Through<br/>Entity<br/>Identifying<br/>Number</b> | <b>Passed<br/>Through to<br/>Subrecipients</b> | <b>Total<br/>Federal<br/>Expenditures</b> |
|--|------------------------------------|---|--|---|
| <b>U.S. Department of Agriculture</b>                                    |                                    |   |  |   |
| <i>Child Nutrition Cluster</i>   |                                    |   |  |   |
| Passed Through Colorado Department of Education                          |                                    |   |  |   |
| School Breakfast Program   | 10.553                             | 4553  | \$ -   | \$ 207,585                                |
| National School Lunch Program  | 10.555                             | 4555  |  | 1,496,328                                 |
| Summer Food Service Program for Children                                 | 10.559                             | 4559  |  | 473                                       |
| Passed Through Colorado Department of Human Services                     |                                    |   |  |   |
| National School Lunch Program  | 10.555                             | 4555  |  | 299,445                                   |
| <i>Total Child Nutrition Cluster</i>                                     |                                    |   |  | <u>2,003,831</u>                          |
| Total U.S. Department of Agriculture                                     |                                    |   |  | <u>2,003,831</u>                          |
| <b>U.S. Department of Defense</b>  |                                    |   |  |   |
| Direct Programs  |                                    |   |  |   |
| Reserve Officer Training Corps (ROTC)                                    | 12.Unknown                         |   |  | <u>152,915</u>                            |
| Total Department of Defense  |                                    |   |  | <u>152,915</u>                            |
| <b>U.S. Department of Education</b>                                      |                                    |   |  |   |
| Direct Programs  |                                    |   |  |   |
| Impact Aid   | 84.041                             |   | 69,095   | <u>392,529</u>                            |
| Passed Through Colorado Department of Education                          |                                    |   |  |   |
| <i>Special Education Cluster</i>   |                                    |   |  |   |
| Special Education: Grants to States IDEA Part B                          | 84.027                             | 4027, 5027  |  | 2,465,911                                 |
| Special Education: Preschool Grants                                      | 84.173                             | 4173  |  | <u>30,423</u>                             |
| <i>Total SPED Cluster</i>  |                                    |   |  | <u>2,496,334</u>                          |
| No Child Left Behind, Title I, Part A                                    | 84.010                             | 4010, 8010  |  | 1,197,670                                 |
| Charter Schools  | 84.282                             | 5282  |  | 209,936                                   |
| English Language Learners, Title III, Part A                             | 84.365                             | 4365, 6365, 7365  |  | 67,457                                    |
| Quality Teacher, Title II, Part A  | 84.367                             | 4367  |  | 137,372                                   |
| Race to the Top  | 84.412                             | 5412  |  | 8,700                                     |
| Passed through Colorado Community College System                         |                                    |   |  |   |
| Vocational Education - Carl Perkins                                      | 84.048                             | 4048  |  | <u>66,594</u>                             |
| Total U.S. Department of Education                                       |                                    |   | <u>69,095</u>                                  | <u>4,576,592</u>                          |
| <b>Total Federal Awards</b>  |                                    |   | <u>\$ 69,095</u>                               | <u>\$ 6,733,338</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, 2016**

**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, 2016. 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 accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or 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, 2016, El Paso County School District 49 received \$299,445 in non-cash assistance in the form of food commodities.



**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 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, 2016, 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 December 7, 2016.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency: 2016-001.

## **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  
December 7, 2016



**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, 2016. 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, 2016.

## 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.

El Paso County School District 49's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. El Paso County School District 49's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### 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  
December 7, 2016

**EL PASO COUNTY SCHOOL DISTRICT 49  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

Section I—Summary of Auditors' Results

*Financial Statements*

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                    ☐ yes   ☒ no
- Significant deficiency(ies) identified?                ☒ yes   ☐ none reported

Noncompliance material to financial statements noted?

☐ yes   ☒ no

*Federal Awards*

Internal control over major programs?

- Material weakness(es) identified?                    ☐ yes   ☒ no
- Significant deficiency(ies) identified?                ☐ yes   ☒ none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ yes   ☒ no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

CFDA 10.553, 10.555 and 10.559  
CFDA 84.010  
CFDA 84.041

Child Nutrition Cluster  
Title I, Part A  
Impact Aid

Dollar threshold used to distinguish between type A and type B programs?

\$750,000

Auditee qualified as low-risk auditee?

☐ yes   ☒ no



**EL PASO COUNTY SCHOOL DISTRICT 49**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Section II—Financial Statement Findings

2016-001 Segregation of Duties – Wire Transfers

*Criteria:* Segregation of duties should be implemented throughout the accounting department. There should be proper segregation of duties ensuring that no one person has the ability to initiate, authorize and record financial transactions.

*Condition:* The chief business officer has the ability to initiate, authorize, and record wire transfers.

*Context:* This was noted during substantive testing of various cash and investment accounts.

*Effect:* Risk of misstatements due to error or fraud exists under this condition.

*Cause:* Some control procedures over segregation of duties were not implemented.

*Recommendation:* Management should implement proper segregation of duties by having different individuals perform authorization, initiation and recording of transactions.

*Management response:* Management concurs with the identified weakness in internal controls but further recognizes it as the last remnant of an old internal control style that has been continuously improved each of the last few years. The control item described herein has been adjusted as of June 2016. While the Chief Business Officer retains wire transfer rights for District accounts on bank systems, it is now only exercised when normal personnel are not available due to their absence from the work place.

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, 2016**

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, 2015. 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, 2016 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

| <u>Finding<br/>Number</u> | <u>CFDA<br/>Number</u> | <u>Program/<br/>Cluster Title</u> | <u>Finding</u>                                    | <u>Status of<br/>Finding</u> |
|---------------------------|------------------------|-----------------------------------|---|------------------------------|
| 2013-001                  | N/A                    | N/A                               | Bank Reconciliation<br>Procedures                 | Corrected                    |
| 2013-002                  | N/A                    | N/A                               | Segregation of Duties—<br>Journal Entries         | Corrected                    |
| 2014-001                  | N/A                    | N/A                               | Review, Reconciliation,<br>and Closing Procedures | Corrected                    |
| 2014-002                  | N/A                    | N/A                               | Recording non-cash<br>transactions                | Corrected                    |

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



**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 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, 2016, which collectively comprise El Paso County School District 49's basic financial statements, and our report thereon dated December 7, 2016, which expressed an unmodified opinion on those financial statement, 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  
December 7, 2016



Colorado Department of Education  
Auditors Integrity Report  
District: 1110 - FALCON 49  
Fiscal Year 2015-16  
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

| Fund Type &Number                                       | Beg Fund Balance & Prior Per Adj (6880*) | 1000 - 5999 Total Revenues & Other Sources | 0001-0999 Total Expenditures & Other Uses | 6700-6799 & Prior Per Adj (6880*) Ending Fund Balance |
|---|--|--|---|---|
| Governmental  | +  |  | -   | =   |
| 10 General Fund   | 20,544,958                               | 105,648,800                                | 105,882,759                               | 20,311,000  |
| 18 Risk Mgmt Sub-Fund of General Fund                   | 262,402                                  | 868,027                                    | 749,776                                   | 380,653   |
| 19 Colorado Preschool Program Fund                      | 92,644                                   | 446,014                                    | 465,789                                   | 72,869  |
| Sub- Total  | 20,900,004                               | 106,962,842                                | 107,098,324                               | 20,764,521  |
| 11 Charter School Fund                                  | 10,132,033                               | 54,734,928                                 | 47,051,977                                | 17,814,984  |
| 20,26-29 Special Revenue Fund                           | 0  | 330,443                                    | 307,566                                   | 22,877  |
| 21 Food Service Spec Revenue Fund                       | 1,243,086                                | 3,638,915                                  | 3,450,685                                 | 1,431,315   |
| 22 Govt Designated-Purpose Grants Fund                  | 0  | 5,129,118                                  | 5,129,118                                 | 0   |
| 23 Pupil Activity Special Revenue Fund                  | 139,825                                  | 1,118,269                                  | 924,846                                   | 333,249   |
| 24 Full Day Kindergarten Mill Levy Override             | 0  | 0  | 0   | 0   |
| 25 Transportation Fund                                  | 0  | 1,175,486                                  | 1,175,486                                 | 0   |
| 31 Bond Redemption Fund                                 | 15,777,891                               | 16,387,170                                 | 24,260,297                                | 7,904,764   |
| 39 Certificate of Participation (COP) Debt Service Fund | 0  | 0  | 0   | 0   |
| 41 Building Fund  | 0  | 0  | 0   | 0   |
| 42 Special Building Fund                                | 0  | 0  | 0   | 0   |
| 43 Capital Reserve Capital Projects Fund                | 160,020                                  | 259,525                                    | 0   | 419,545   |
| Totals  | 48,352,860                               | 189,736,696                                | 189,398,300                               | 48,691,256  |
| Proprietary   |  |  |   |   |
| 50 Other Enterprise Funds                               | -3,425,004                               | 340,569                                    | 503,295                                   | -3,587,730  |
| 64 (63) Risk-Related Activity Fund                      | 2,321,630                                | 2,736,414                                  | 3,002,429                                 | 2,055,615   |
| 60,65-69 Other Internal Service Funds                   | 0  | 0  | 0   | 0   |
| Totals  | -1,103,374                               | 3,076,983                                  | 3,505,724                                 | -1,532,115  |
| Fiduciary   |  |  |   |   |
| 70 Other Trust and Agency Funds                         | 0  | 0  | 0   | 0   |
| 72 Private Purpose Trust Fund                           | 0  | 0  | 0   | 0   |
| 73 Agency Fund  | 7,110                                    | 23   | 1,000                                     | 6,133   |
| 74 Pupil Activity Agency Fund                           | 879,125                                  | 2,053,041                                  | 2,092,341                                 | 839,825   |
| 79 GASB 34:Permanent Fund                               | 0  | 0  | 0   | 0   |
| 85 Foundations  | 0  | 0  | 0   | 0   |
| Totals  | 886,235                                  | 2,053,064                                  | 2,093,341                                 | 845,958   |

FINAL

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

