

EL PASO COUNTY COLORADO SCHOOL



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2018

10850 East Woodmen Road

Peyton, Colorado 80831

www.d49.org

El Paso County Colorado School District 49 Comprehensive Annual Financial Report



For the fiscal year ended June 30, 2018

Introductory Section

The Best Choice to Learn, Work, and Lead



Our Coordinated Schools

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

Our Charter Schools



Banning Lewis Academy



Pikes Peak School of Expeditionary Learning



GOAL Academy High School



Rocky Mountain Classical Academy



Imagine Classical Academy



Power Technical Early College

Our Cultural Compass



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

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

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

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

Responsibility – We hold ourselves accountable for our actions

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

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

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

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

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

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February 1, 2019



To the Citizens and Members of the Board of Education of 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 School District 49 for the fiscal year ended June 30, 2018.

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, 2018, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluation of the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2018 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, 2018 provided no instances of material weakness in internal controls over compliance or material violations of applicable laws, regulations, contracts and grants. This report is found in the compliance section of this document.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements, in the form of a Management's Discussion and Analysis (MD&A) report. This transmittal letter is designed to complement the Management's Discussion and Analysis, and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Auditor's Report.

PROFILE OF THE DISTRICT

The District was organized in 1888 and spans 133 square miles of urban and rural areas 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 3rd largest district in El Paso County and the 12th largest in Colorado. The District has a resident population of 83,090 based on the latest population growth data collected.

The District operates nine elementary schools, three middle schools, and three high schools, in its operated school portfolio; six chartered schools (four K-8's and two high schools), two online programs, one alternative school program, one home school program, and three student support facilities. These schools service more than 21,000 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, GOAL Academy, Imagine Classical Academy, Pikes Peak School of Expeditionary Learning, Rocky Mountain Classical Academy and Power Technical Early College. Each charter school has been approved by the District Board of Education, and authorized by the State of Colorado, to provide education alternatives for students and parents. These schools have separate governing boards and are funded by the State of Colorado and local property tax funds, with revenues passing through the district. The District also provides some support services to the charter schools. Parent Teacher Organization, Athletic and Music Booster Groups and Colorado Digital Board of Cooperative Education Services (CDBOCES) do not meet the criteria for being component units and are accordingly excluded from this report.

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

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

The 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 Business Office, 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.

The table on the next page outlines the schools, age and enrollment in full-time equivalents (FTE) as of the official count date in October 2017 and the estimated FTE for the 2018-19 school year.



Operated Schools	Date Placed in Service	October 2017 Student Count	Projected 2018-19 Student Count
ALLIES	2017	84	114
Bennett Ranch Elementary	2018	-	323
Evans International Elementary	1976	670	658
Falcon Elementary	1982	328	299
Falcon Middle	1976	983	986
Falcon High School	2007	1,207	1,286
Horizon Middle	1985	746	745
Meridian Ranch Elementary	2003	788	686
Odyssey Elementary	2006	477	479
Patriot High School	1952	104	91
Pikes Peak Early College	2015	120	175
Remington Elementary	1997	611	642
Ridgeview Elementary	2002	949	871
Sand Creek High School	1997	1,205	1,191
Skyview Middle	2000	1,109	1,135
Springs Ranch Elementary	2002	553	585
Springs Studio for Academic Excellence	2012	503	410
Stetson Elementary	1987	557	592
Vista Ridge High School	2008	1,583	1,678
Wooden Hills Elementary	2000	799	585
Operated Subtotal		13,376	13,531
Chartered Schools			
Banning Lewis Ranch Academy	2008	1,248	1,376
GOAL Academy	N/A	3,811	4,153
Imagine Classical Academy	2010	747	705
Liberty Tree Academy	2018	-	318
Pikes Peak School of Expeditionary Learning	2008	413	415
Power Technical Early College	2016	240	267
Rocky Mountain Classical Academy	2015	1,613	1,632
Chartered School Subtotal		8,072	8,866
District 49 Total		21,448	22,397



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 trade, accommodation and food services and Health Care and Social Assistance. 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; which results in higher sales and use tax receipts and vehicle registrations. Unemployment continues to stay low at 3.2% compared to the national average of 4.0% in June 2018. Which also results in higher sales and use tax receipts and new vehicle registration increases.

Long-term Financial Planning

As Colorado Springs and El Paso County continue to expand to the East, it will significantly impact School District 49, where much of the available land is located. It is estimated, over the next 20 year, the development will generate 13,000 more students, requiring an additional 13 elementary schools, four middle schools and 3 high schools.

The District maintains no general fund obligation debt. The District paid off all outstanding bonds in December 2017. This leaves the District with borrowing capacity to build schools as the need arises, and as the constituency allows.

Financial Policies

Detailed descriptions of the District's accounting policies are contained in the Notes for the Financial Statements on pages 26 to 36 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). In 2017, the District achieve the Peak Award, which is the highest level attainable. The District will continue to seek a related national award for organizational excellence in order to facilitate ever-improving operations and processes within the District.

In 2016 and 2017, the District was awarded the Certificate of Excellence from the Association of School Business Official for our Comprehensive Annual Financial Report (CAFR) and will continue to submit for this annual award.

With the passing of 3B in November 2016, the District was able to build and open Bennett Ranch Elementary School (BRES) in August 2018. This elementary school falls within the Falcon Zone. Ongoing construction will allow the District to open Inspiration View Elementary School (IVES) in August 2019 and located within the Power Zone. The District welcomed another Chartered School to the portfolio in August 2018 as well, Liberty Tree Academy

(LTA). LTA is in a temporary location for the upcoming school year and plan on a permanent building location in the Falcon Zone as well. This Charter is K-8, with plans of adding a grade each year until K-12 is established. A chartered high school, Automotive Institute of Science and Technology (AIST), which will focus on the Auto Industry, is scheduled to open in August 2020.



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

Jodi L. Poulin
Accounting Group Manager

El Paso County School District 49

Elected Officials - Board of Education

Marie LaVere-Wright
John Graham
Dave Cruson
Kevin Butcher
Joshua Frye

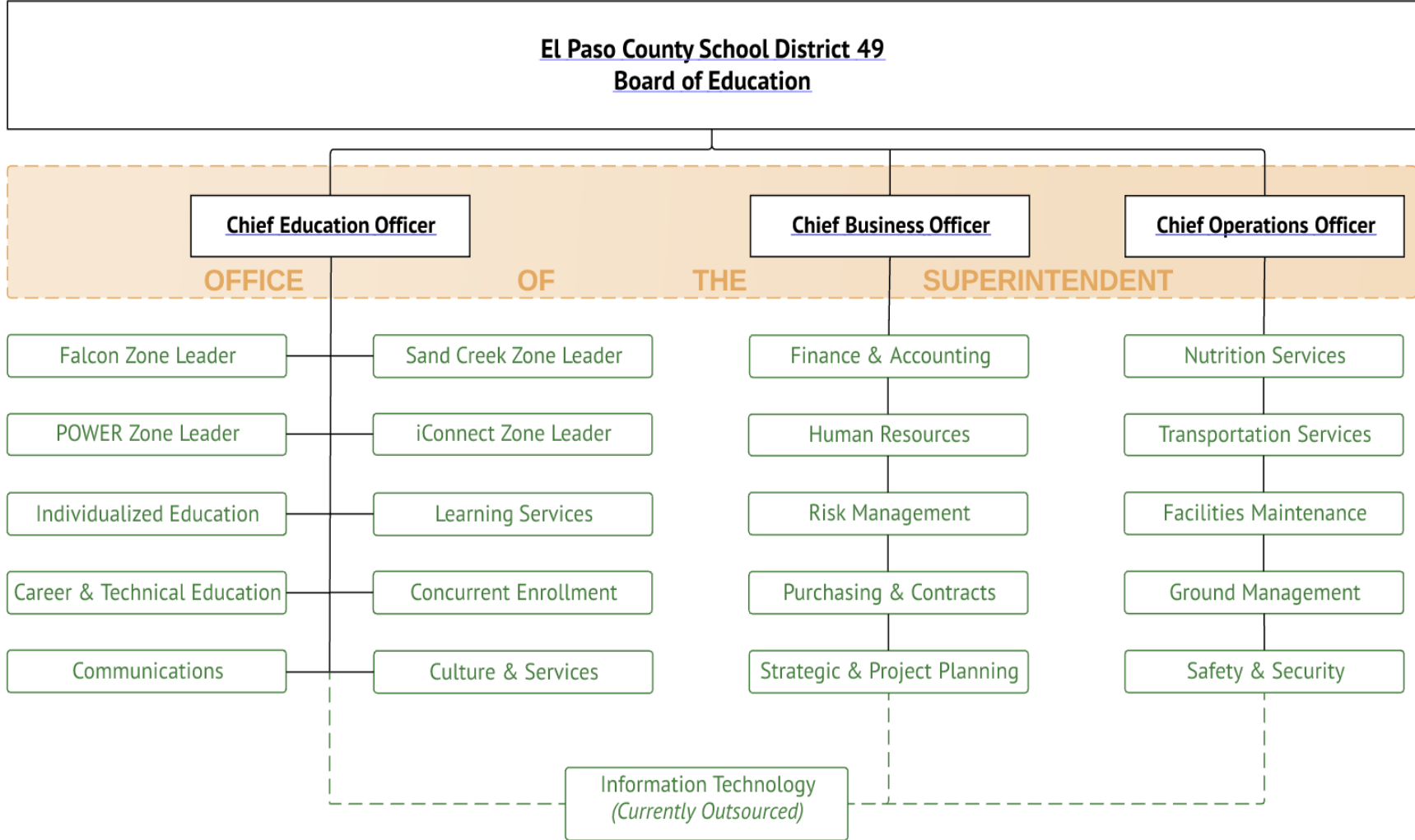
President
Vice President
Secretary
Treasurer
Director

Administrative Officials

Peter Hilts
Brett Ridgway
Pedro Almeida
Sue Holmes
Sean Dorsey
Mike Pickering, PhD
Andy Franko
Amber Whetstine
Nancy Lemmond, PhD

Paul Andersen
Jack Pietraallo
Monica Deines-Henderson
David Nancarrow
Donna Richer

Chief Education Officer
Chief Business Officer & Assistant Treasurer
Chief Operations Officer
Falcon Zone Superintendent
Sand Creek Zone Superintendent
Power Zone Superintendent
iConnect Zone Superintendent
Executive Director of Learning Services
Executive Director of Individualized
Education
Director of Human Resources
Director of Transportation
Director of Nutrition Services
Director of Communications
Secretary to the Board of Education





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

El Paso County School District 49

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso, CAE
Executive Director

Financial Section





INDEPENDENT AUDITORS' REPORT

To the Board of Education
El Paso County Colorado 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 Colorado School District 49, as of and for the year ended June 30, 2018, 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 10.0 percent, 19.0 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 Colorado School District 49, as of June 30, 2018, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, effective July 1, 2017, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 Colorado 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 February 1, 2019, on our consideration of the El Paso County Colorado 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 Colorado School District 49's internal control over financial reporting and compliance.

Hoelting & Company Inc.

Colorado Springs, Colorado
February 1, 2019

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2018

The Business Office of School District 49 offers readers of our financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018.

Financial Highlights

- The Governmental Activities of School District 49 shows a Net Position deficit of \$257,918,632 at June 30, 2018 and \$156,443,952 June 30, 2017 respectively, or \$101,474,680 more than prior year.
 - Effective July 1, 2014, School Districts are required to implement GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This resulted in a new liability amount on the District's financial reports totaling \$474,936,831.
 - While the intentions of GASB 68 were 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.
- General Revenues for the Governmental Activities of the District totaled \$112,416,522, or 76.21% of all revenues. Program specific revenues in the form of charges for services and grants and contributions received accounted for \$35,099,437, or 23.79% of total revenues of \$147,515,959.
- The ending fund balance of total General Funds was \$22,397,775 at June 30, 2018 and \$24,915,693 at June 30, 2017. The General Fund portion maintained a fund balance to District Adjusted Gross Revenue (DAGR) ratio at 9.1%. District 49's Board of Education recommended staying at a flat rate for the fiscal year and dropping to 8.54% for upcoming fiscal year
- General Fund Revenue, including the Component Unit share (Charter Schools – net of services), totaled \$168,536,591 at June 30, 2018 and \$160,676,982 at June 30, 2017.
- Total student count in the District increased by 949 students or 4.24% from the prior year; while the corresponding funded student FTE increased by 4.31%. The State Budget Negative Factor for District 49 remains with a balance of \$20,366,766
- The Food Service Fund reported an ending fund balance of \$1,253,113 and \$1,267,423 at June 30, 2018 and 2017 respectively, a decrease of \$14,310 from the prior year.

Overview of the Financial Statements

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

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

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2018

position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

Fund Financial Statements. A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. School District 49, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: government funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide fund financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financial requirements.

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

School District 49 maintains nine 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.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2018

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

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

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

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

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

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 seven component units are:

- Pikes Peak School of Expeditionary Learning (PPSEL)
- Banning Lewis Ranch Academy (BLRA)
- Rocky Mountain Classical Academy (RMCA)
- Imagine Classical Academy (ICA)
- GOAL Academy (GOAL)
- Power Technical Early College (PTEC)
- Liberty Tree Academy (LTA) – Start up only for fiscal year ended June 30, 2018

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2018

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

	Real Property			Specific Ownership		Equalization State		Total Program
	FTE	Taxes	% of Total	Taxes	% of Total	Share	% of Total	Revenue
Total District	22,501.50	\$ 20,559,618	12.53%	\$ 2,357,007	1.44%	\$ 141,180,276	86.03%	\$ 164,096,901
D49 Operated Portfolio	12,682.24	\$ 15,756,215	16.96%	\$ 1,806,335	1.94%	\$ 75,334,686	81.09%	\$ 92,897,236
Component Units:								
D49 Chartered Portfolio	9,819.26	\$ 4,803,403		\$ 550,671		\$ 65,845,591		\$ 71,199,665
PPSEL	393.94	\$ 489,427	16.98%	\$ 56,109	1.95%	2,336,951	81.07%	2,882,487
BLRA	1,199.70	1,490,495	16.98%	170,873	1.95%	7,116,920	81.07%	8,778,289
RMCA	1,335.40	1,659,088	16.98%	190,201	1.95%	7,921,927	81.07%	9,771,215
ICA	698.22	867,462	16.98%	99,447	1.95%	4,142,016	81.07%	5,108,925
PTEC	239.00	296,931	16.98%	34,041	1.95%	1,417,808	81.07%	1,748,780
GOAL	3,783.00	- n/a		- n/a		27,680,476	100.00%	27,680,476
BOCES	2,170.00	- n/a		- n/a		15,229,494	100.00%	15,229,494

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.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of changes in a government's financial position over time. In the case of School District 49, Primary Government Liabilities exceeds Assets by \$257,918,632 and \$156,443,952 at June 30, 2018 and 2017 respectively. This is due to \$474,936,831 of the Net Pension and OPEB liability being assigned to the school district. With this liability excluded, School District 49's Primary Government Assets would have exceeded Liabilities by \$217,018,199.

Included in Total Net Position, \$67,960,628 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. Capital assets themselves cannot be used to liquidate liabilities.

As of June 30, 2018, \$22,889,437 of the District's net position represents resources that are subject to external restriction on how they may be used. This includes Colorado's required TABOR of \$3,455,000. The overall restricted amount increased by \$1,412,205 from prior year.

Governmental activities decreased the net position of the District by \$257,918,632 as of June 30, 2018. Program revenues included \$16,026,397 in charges for services, and \$18,024,232 in operating grants and contributions and \$1,048,808 in Capital Grants and Contributions. Over \$112,416,522 was received in general revenues consisting of local property taxes, specific ownership taxes, and school finance act revenue. Total revenues received totaled \$147,515,959.

Instruction expenses totaled \$128,146,891, making up the majority of total expenses of \$239,143,234 at June 30, 2018.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2018

Program revenue for Food Services included \$1,713,774 in charges for services and \$2,214,856 in operating grants and contributions. Expenditures of \$3,960,940 were for food services.

SCHOOL DISTRICT 49
Statement Of Net Position
Governmental Activities

	2018	2017	Increase (Decrease) over Prior Year	
ASSETS				
Current Assets	\$ 90,249,478	\$ 129,092,512	\$ (38,843,034)	
Capital assets, net of depreciation	183,764,827	145,497,246	38,267,581	
Total assets	274,014,305	274,589,758	(575,453)	-0.21%
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	150,496,595	171,345,272	171,345,272	-12.17%
LIABILITIES				
Current liabilities	23,164,803	26,916,781	(3,751,978)	
Long-term liabilities	640,053,838	573,484,593	66,569,245	
Total liabilities	663,218,641	600,401,374	62,817,267	10.46%
DEFERRED INFLOWS OF RESOURCES				
Total deferred inflows of resources	19,210,891	1,977,608	17,233,283	871.42%
NET POSITION				
Net Investment in Capital Assets	69,960,628	51,925,850	18,034,778	
Restricted for:				
TABOR	3,455,000	3,265,000	190,000	
Food Services	1,142,256	-	-	
Debt Service	19,359,354	18,131,074	1,228,280	
Preschool	75,083	81,158	(6,075)	
Unrestricted	(349,910,953)	(229,847,034)	(120,063,919)	
TOTAL NET POSITION	\$ (257,918,632)	\$ (156,443,952)	\$ 90,719,269	64.86%

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2018

SCHOOL DISTRICT 49
Statement Of Activities
Governmental

	2018	2017	Increase (Decrease) over Prior Year	
PROGRAM REVENUES				
Charges for services	\$ 16,026,397	\$ 13,534,010	\$ 2,492,387	
Operating Grants & contributions	18,024,232	17,241,849	782,383	
Capital Grants & contributions	1,048,808	1,775,996	(727,188)	
GENERAL REVENUES				
Property Taxes	35,475,485	34,687,531	787,954	
Specific ownership taxes	4,649,510	4,241,772	407,738	
State equalization	69,913,832	67,533,346	2,380,486	
Investment earnings	1,441,278	518,461	922,817	
Miscellaneous	936,417	859,811	76,606	
TOTAL REVENUES	\$ 147,515,959	\$ 140,392,776	\$ 7,123,183	4.83%
EXPENSES				
Instruction	128,146,891	116,929,506	11,217,385	
Supporting services	100,174,835	81,426,966	18,747,869	
Community services	154,679	76,220	78,459	
Facilities acquisition and construction	-	4,238,269	(4,238,269)	
Food Service	3,960,940	3,869,435	91,505	
Interest and fiscal charges	6,705,889	6,326,064	379,825	
TOTAL EXPENSES	\$ 239,143,234	\$ 212,866,460	\$ 26,276,774	10.99%
Change in Net Position	(91,627,275)	(72,473,684)	19,153,591	
Beginning Net Position	(156,443,952)	(82,122,256)	74,321,696	
Prior Period Adjustment	(9,847,405)	(1,848,012)	7,999,393	
TOTAL NET POSITION	\$ (257,918,632)	\$ (156,443,952)	\$ 101,474,680	39.34%

Financial Analysis of the Governmental Funds

As stated earlier, School District 49 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The Balance Sheet as of June 30, 2018, shows the District's governmental funds combined ending fund balance totals \$65,969,806 compared to \$110,488,925 at June 30, 2017. The reduction from prior year was done intentionally in order to reduce the unassigned fund balance.

The general fund is the main operating fund of the District. At June 30, 2018, committed and unassigned fund balance of the general fund was \$6,024,819 compared to \$8,523,165 at June 30, 2017. Total unassigned fund balance is \$0 and \$30,876,271 at June 30, 2018 and 2017 respectively.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2018

The Bond Redemption Fund remains in strong financial condition, with no debt as of June 30, 2018. The balance at June 2017 consisted of \$5,084,704 for principal and interest payments on the District's voter approved debt. As of December 31, 2017 all bond debt has been paid off.

In 2017-18, School District 49 expended \$5,324,497 of local, state and federal grant funds, excluding charter school grant expenditures. Of these expenditures, \$2,004,108 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 2018-19 fiscal year.

General Fund Budgetary Highlights

The District approves the original budget in June based on enrollment projections for the following school year. In October, after a better estimate of enrollment can be made, adjustments are made to the budget. The rapid growth the District experienced for most of 2000's has moderated in the last few years, but is starting to tick up again. The 2017-18 to 2018-2019 expected growth was budgeted at 2%.

Some significant budget highlights include:

- The final (Amended) budget for the General Fund showed an increase in revenue \$4,450,781 and also an increase in expenditures by \$6,080,291 from the original (Adopted) budget.
- Actual General Fund results for the 2017-18 fiscal year showed revenue in excess of expenses by \$11,222,790, which is better than the amended budget. State sources in revenue were much lower than budgeted. Reduced Instructional expenses and debt service allowed the fund balance to grow by a dollar amount.

Capital Assets and Debt Administration

Capital assets. School District 49's investment in capital assets for governmental activities as of June 30, 2018 amounts to \$183,764,827, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery, equipment, and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was due to the depreciation of existing assets and/or disposal of assets.

SCHOOL DISTRICT 49
Investment in Capital Assets

	Balance at 6/30/2018	Balance at 6/30/2017	Increase (Decrease) over Prior Year
Governmental Activities:			
Land	\$ 17,191,750	\$ 17,191,750	
Buildings & Improvements	117,869,888	124,322,808	
Equipment	6,489,333	695,289	
Construction in Progress	42,213,856	3,287,399	
Governmental activities capital assets, net accumulated depreciation	\$ 183,764,827	\$ 145,497,246	20.82%

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2018

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

Long-Term Debt. As of June 30, 2018, School District 49's total outstanding long-term debt was \$165,117,007. Of this amount, \$5,711,235 for capital leases and \$158,290,862 in certificates of participation obligations. Compensated absences for School District 49 total \$1,114,910 at June 30, 2018.

In November 2005, the constituents approved a mill levy override to pay for the construction of new facilities and additions to then-current facilities. School District 49 sold the aforementioned Certificates of Participation in July 2006 and July 2007 to finance this construction and will pay the certificates back with the approved mill levy override tax revenue.

In November 2016, the constituents approved a mill levy override to pay for the construction of new facilities and additions to then-current facilities. School District 49 sold the aforementioned Certificates of Participation in February 2017 to finance this construction and will pay the certificates back with the approved mill levy override tax revenue.

State Statutes limit the amount of the District's general obligation bonded debt to 20% of the assessed value of the District, or 6% of the retail value of the District. At the end of the current fiscal year, the District had total general obligation bonded debt of \$0 or 0.00% of assessed value.

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

Economic Factors and 2017-2018 Budget

- The local, state, and federal economies are performing very well. This was seen with a change in the District's assessed property value, which increased over 6.8% in 2018 from \$783,104,780 the prior year to a total of \$840,574,750. Due to requirements of the Colorado State Constitution's Gallagher Amendment, passed in 1982 – which mandates a consistent ratio between residential and non-residential property, the residential assessment rate is likely to continue to decline.
- The District will continue to work proactively with developers, the City of Colorado Springs, and El Paso County to address the enrollment growth issues. School District 49 has been one of the fastest growing school districts in the state, based on enrollment - on a percentage basis, for the last several years; and current expectations are for that to continue for the next 15-20 years. This would result in School District 49 eventually becoming the largest school district in the Colorado Springs / El Paso County Colorado area, potentially doubling the number of students served over that time.
- In August 2018, the District will open a new school within its Operated Portfolio, the first in several years. Bennett Ranch Elementary School will help relieve overcrowding at other elementary schools and accommodate additional growth in the north / northeast areas of the district. The District anticipates another new elementary school to open in August 2019.
- School District 49 continues to work with charter schools and had six charter schools in operation during the current fiscal year and plans to add an additional school, Liberty Tree

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2018

Academy for the 2018-2019 school year. Another Charter school is anticipated for the 2019-2020 school year as well

- The District ended the 2017-18 school year with 9.10% revenue to fund balance – revenue ratio (excluding PERA liability), as BOE Policy DAA states. The 9-11.5% target equates to approximately one month of expenditures and is necessary to handle the District's annual cash flow cycle that is present due to the seasonal nature of property tax receipts.

Requests for Information

The financial report is designed to provide a general overview of School District 49's finances for those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information should be submitted to the following:

El Paso County Colorado School District 49
Attention: Business Office
10850 E. Woodmen Road
Peyton, CO 80831

BASIC FINANCIAL STATEMENTS

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 25,876,608	\$ 26,422,123
Restricted cash and cash equivalents	60,346,752	4,655,335
Accounts receivable	446,969	254,150
Grants receivable	2,004,108	-
Taxes receivable	1,166,220	-
Intergovernmental receivables	-	20,320
Deposits	-	122,906
Prepaid expenses	297,964	171,711
Inventories	110,857	-
Capital assets, not being depreciated	59,405,606	7,510,606
Capital assets, net of depreciation	124,359,221	49,257,776
Total assets	<u>274,014,305</u>	<u>88,414,927</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	4,725,011	9,648,692
Deferred pension and OPEB outflows	145,771,584	46,367,764
Total deferred outflows of resources	<u>150,496,595</u>	<u>56,016,456</u>
LIABILITIES		
Accounts payable and other current liabilities	9,203,253	1,624,800
Accrued salaries and benefits	11,364,022	799,973
Compensated absences	122,070	-
Accrued interest	271,825	85,572
Unearned revenues	2,013,330	33,693
Payable to external parties	190,303	116,107
Long-term liabilities		
Due within one year	6,149,983	1,292,710
Due in more than one year	158,967,024	73,133,204
Net pension and OPEB liabilities	474,936,831	136,477,708
Total liabilities	<u>663,218,641</u>	<u>213,563,767</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension and OPEB inflows	19,210,891	6,078,325
Total deferred inflows of resources	<u>19,210,891</u>	<u>6,078,325</u>
NET POSITION		
Net investment in capital assets	67,960,628	1,084,193
Restricted for:		
Food services	1,142,256	-
Emergency reserve (TABOR)	3,455,000	1,773,500
Debt service	19,359,354	2,911,097
Preschool	75,083	-
Unrestricted	(349,910,953)	(80,979,499)
Total net position	<u>\$ (257,918,632)</u>	<u>\$ (75,210,709)</u>

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

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units Charter Schools
Primary government						
Governmental activities						
Instruction	\$ 128,146,891	\$ 3,658,885	\$ 14,606,674	\$ 1,048,808	\$ (108,832,524)	\$ -
Supporting services	100,174,835	10,635,738	1,202,702	-	(88,336,395)	-
Community services	154,679	-	-	-	(154,679)	-
Food Service	3,960,940	1,731,774	2,214,856	-	(14,310)	-
Interest and fiscal charges	6,705,889	-	-	-	(6,705,889)	-
Total governmental activities	<u>\$ 239,143,234</u>	<u>\$ 16,026,397</u>	<u>\$ 18,024,232</u>	<u>\$ 1,048,808</u>	<u>(204,043,797)</u>	<u>-</u>
Component units						
Charter schools	<u>\$ 89,833,131</u>	<u>\$ 2,844,215</u>	<u>\$ 2,086,712</u>	<u>\$ 848,100</u>		<u>(84,054,104)</u>
General revenues:						
Property taxes					35,475,485	-
Specific ownership taxes					4,649,510	-
State equalization					69,913,832	-
Per pupil revenue					-	54,221,392
Mill levy override					-	1,015,468
Investment earnings					1,441,278	183,158
Miscellaneous					936,417	668,454
Insurance proceeds					-	31,597
Total general revenues					<u>112,416,522</u>	<u>56,120,069</u>
Change in net position					(91,627,275)	(27,934,035)
Net position - beginning, as restated (deficit)					<u>(166,291,357)</u>	<u>(47,276,674)</u>
Net position - ending (deficit)					<u>\$ (257,918,632)</u>	<u>\$ (75,210,709)</u>

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

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Capital Projects Mill Levy Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 22,079,474	\$ 3,022,685	\$ 703,205	\$ 25,805,364
Restricted cash and cash equivalents	9,305,081	43,472,887	7,568,784	60,346,752
Accounts receivable	326,711	-	120,258	446,969
Grants receivable	-	-	2,004,108	2,004,108
Taxes receivable	1,166,220	-	-	1,166,220
Due from other funds	6,685,954	-	2,954,530	9,640,484
Prepaid expenses	297,964	-	-	297,964
Inventories	-	-	110,857	110,857
Total assets	<u>\$ 39,861,404</u>	<u>\$ 46,495,572</u>	<u>\$ 13,461,742</u>	<u>\$ 99,818,718</u>
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 1,343,665	\$ 6,993,595	\$ 374,065	\$ 8,711,325
Accrued salaries and benefits	10,938,719	-	425,303	11,364,022
Compensated absences	120,746	-	1,324	122,070
Payable to fiduciary funds	190,303	-	-	190,303
Due to other funds	4,329,123	6,253,460	432,495	11,015,078
Unearned revenue	108,289	-	1,905,041	2,013,330
Total liabilities	<u>17,030,845</u>	<u>13,247,055</u>	<u>3,138,228</u>	<u>33,416,128</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	<u>432,784</u>	<u>-</u>	<u>-</u>	<u>432,784</u>
Total deferred inflows of resources	<u>432,784</u>	<u>-</u>	<u>-</u>	<u>432,784</u>
FUND BALANCES				
Nonspendable	297,964	-	110,857	408,821
Restricted for:				
Emergency reserve (TABOR)	3,455,000	-	-	3,455,000
Food Services	-	-	1,142,256	1,142,256
Debt service	11,790,570	-	7,568,784	19,359,354
Preschool	75,083	-	-	75,083
Committed for:				
Pupil activities	-	-	421,412	421,412
Contingencies	5,549,970	-	-	5,549,970
Assigned for:				
Risk management	474,849	-	-	474,849
Capital projects	754,339	33,248,517	1,080,205	35,083,061
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>22,397,775</u>	<u>33,248,517</u>	<u>10,323,514</u>	<u>65,969,806</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 39,861,404</u>	<u>\$ 46,495,572</u>	<u>\$ 13,461,742</u>	<u>\$ 99,818,718</u>

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

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2018

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

Total fund balance - governmental funds	\$ 65,969,806
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.	183,764,827
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.	432,784
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.	4,725,011
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.	953,910
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred outflows of resources.	145,771,584
Accrued interest is not due and payable in the current period, and therefore is not reported as a liability in the funds.	(271,825)
Net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(474,936,831)
Other long-term liabilities are not due and payable in the current period and, therefore, are reported as deferred inflows of resources.	(19,210,891)
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>(165,117,007)</u>
Net position of governmental activities	<u><u>\$ (257,918,632)</u></u>

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

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital Projects Mill Levy Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 46,613,554	\$ 22,685	\$ 5,778,507	\$ 52,414,746
State sources	77,477,119	-	989,940	78,467,059
Federal sources	637,393	-	8,028,417	8,665,810
Total revenues	124,728,066	22,685	14,796,864	139,547,615
EXPENDITURES				
Instruction	63,135,548	-	5,420,301	68,555,849
Supporting services	46,685,690	-	4,991,032	51,676,722
Community services	1,505	1,284	153,174	155,963
Facilities acquisition and construction	3,238,699	44,860,186	-	48,098,885
Food Service	-	-	3,960,940	3,960,940
Debt service	443,834	-	13,295,914	13,739,748
Total expenditures	113,505,276	44,861,470	27,821,361	186,188,107
Excess (deficiency) of revenues over expenditures	11,222,790	(44,838,785)	(13,024,497)	(46,640,492)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(15,862,081)	-	15,862,081	-
Capital lease issuance	2,121,373	-	-	2,121,373
Total other financing sources (uses)	(13,740,708)	-	15,862,081	2,121,373
Net change in fund balances	(2,517,918)	(44,838,785)	2,837,584	(44,519,119)
Fund balances - beginning	24,915,693	78,087,302	7,485,930	110,488,925
Fund balances - ending	\$ 22,397,775	\$ 33,248,517	\$ 10,323,514	\$ 65,969,806

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

EL PASO COUNTY COLORADO 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, 2018

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

Net change in fund balances - total governmental funds:	\$ (44,519,119)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	39,698,814
In the statement of activities, the disposition of capital assets generates a gain or loss and is reported as such. The gain or loss on disposition is not a current financial resource or use and, thus, is not reported in the funds.	(1,431,233)
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.	(4,503)
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.	(567,167)
Interest expense is reported when incurred in the statement of activities but is not reported in the funds until paid.	8,305
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.	4,907,182
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.	1,528,294
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.	
Pension expenses	\$ (91,045,600)
OPEB expenses	(202,248)
	<u>(91,247,848)</u>
Change in net position of governmental activities	<u><u>\$ (91,627,275)</u></u>

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

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Governmental Activities Internal Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 71,244
Due from other funds	<u>1,374,594</u>
Total current assets	<u>1,445,838</u>
LIABILITIES	
Current liabilities	
Accounts payable	<u>491,928</u>
Total current liabilities	<u>491,928</u>
NET POSITION	
Unrestricted	<u>953,910</u>
Total net position	<u><u>\$ 953,910</u></u>

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

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Governmental Activities Internal Service Fund</u>
OPERATING REVENUES	
Charges for services	\$ 9,300,083
Total operating revenues	<u>9,300,083</u>
OPERATING EXPENSES	
Purchased services	<u>9,903,786</u>
Total operating expenses	<u>9,903,786</u>
Operating income (loss)	<u>(603,703)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	<u>36,536</u>
Total non-operating revenue (expenses)	<u>36,536</u>
Change in net position	(567,167)
Net position - beginning	<u>1,521,077</u>
Net position - ending	<u><u>\$ 953,910</u></u>

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

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	\$ 6,553,421
Cash payments to suppliers	<u>(9,642,815)</u>
Net cash provided (used) by operating activities	<u>(3,089,394)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>36,536</u>
Net cash provided (used) by investing activities	<u>36,536</u>
Net increase (decrease) in cash and cash equivalents	(3,052,858)
Cash and cash equivalents - beginning	<u>3,124,102</u>
Cash and cash equivalents - ending	<u><u>\$ 71,244</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ (603,703)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	199,306
Due from other funds	(1,374,593)
Increase (decrease) in:	
Accounts payable	61,665
Due to other funds	<u>(1,372,069)</u>
Total adjustments	<u>(2,485,691)</u>
Net cash provided (used) by operating activities	<u><u>\$ (3,089,394)</u></u>

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

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Private- Purpose Trust Fund	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 2,651	\$ 710,170
Receivable from primary government	2,071	188,232
Total assets	4,722	898,402
LIABILITIES		
Accounts payable	-	25,932
Due to student organizations	-	872,470
Total liabilities	-	\$ 898,402
NET POSITION		
Held in trust for scholarship recipients	4,722	
Total net position	\$ 4,722	

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

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE, 30 2018

	Private- Purpose Trust Fund
ADDITIONS	
Interest	\$ 54
Total additions	54
DEDUCTIONS	
Scholarship awards	1,000
Total deductions	1,000
Change in net position	(946)
Net position - beginning	5,668
Net position - ending	\$ 4,722

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

COMPONENT UNITS

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49

COMPONENT UNITS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2018

	Pikes Peak School of Expeditionary Learning	Banning Lewis Ranch Academy	Rocky Mountain Classical Academy	Imagine Classical Academy	GOAL Academy	Total
ASSETS						
Cash and cash equivalents	\$ 2,279,150	\$ 2,323,515	\$ 4,932,469	\$ 1,225,143	\$ 15,661,846	\$ 26,422,123
Restricted cash and cash equivalents	35,695	4,619,640	-	-	-	4,655,335
Receivables	57,558	-	12,021	444	184,127	254,150
Intergovernmental receivables	-	20,320	-	-	-	20,320
Deposits	-	-	18,710	-	104,196	122,906
Prepaid expenses	-	28,117	129,726	8,431	5,437	171,711
Capital assets, not being depreciated	548,380	-	6,962,226	-	-	7,510,606
Capital assets, net of depreciation	4,278,481	23,645,801	20,246,374	-	1,087,120	49,257,776
Total assets	7,199,264	30,637,393	32,301,526	1,234,018	17,042,726	88,414,927
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	672,247	104,974	8,871,471	-	-	9,648,692
Deferred pension outflows	3,172,547	-	9,467,878	3,850,278	29,598,006	46,088,709
Deferred OPEB outflows	21,011	-	101,490	10,596	145,958	279,055
Total deferred outflows of resources	3,865,805	104,974	18,440,839	3,860,874	29,743,964	56,016,456
LIABILITIES						
Accounts payable and other current liabilities	9,624	472,866	521,289	13,895	607,126	1,624,800
Accrued salaries and benefits	138,267	272,521	347,846	-	41,339	799,973
Accrued interest	16,828	68,744	-	-	-	85,572
Payable to agency fund	-	116,107	-	-	-	116,107
Unearned revenues	-	-	25,398	8,295	-	33,693
Long-term liabilities						
Due within one year	173,280	85,000	1,034,430	-	-	1,292,710
Due in more than one year	5,610,177	28,270,000	39,253,027	-	-	73,133,204
Net Pension Liability	9,107,832	-	24,537,350	13,439,627	86,346,481	133,431,290
Net OPEB Liability	207,984	-	560,329	306,317	1,971,788	3,046,418
Total liabilities	15,263,992	29,285,238	66,279,669	13,768,134	88,966,734	213,563,767
DEFERRED INFLOWS OF RESOURCES						
Deferred pension inflows	372,431	-	1,137,513	824,535	3,678,996	6,013,475
Deferred OPEB inflows	3,480	-	9,374	19,008	32,988	64,850
Total deferred inflows of resources	375,911	-	1,146,887	843,543	3,711,984	6,078,325
NET POSITION						
Net investment in capital assets	(284,349)	5,000,044	(4,718,622)	-	1,087,120	1,084,193
Restricted for:						
Emergency reserve - TABOR	98,000	310,000	320,000	183,000	862,500	1,773,500
Debt service	18,867	2,892,230	-	-	-	2,911,097
Unrestricted	(4,407,352)	(6,745,145)	(12,285,569)	(9,699,785)	(47,841,648)	(80,979,499)
Total net position	\$ (4,574,834)	\$ 1,457,129	\$ (16,684,191)	\$ (9,516,785)	\$ (45,892,028)	\$ (75,210,709)

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

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49

COMPONENT UNITS

COMBINING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

	Pikes Peak School of Expeditionary Learning	Banning Lewis Ranch Academy	Rocky Mountain Classical Academy	Imagine Classical Academy	GOAL Academy	Total
EXPENSES						
Instruction	\$ 3,046,830	\$ 4,448,936	\$ 9,028,232	\$ 4,343,646	\$ 19,144,064	\$ 40,011,708
Supporting services	1,251,931	5,099,507	4,874,388	4,741,402	26,728,589	42,695,817
Interest and fiscal charges	433,969	2,305,836	4,385,801	-	-	7,125,606
Total expenses	4,732,730	11,854,279	18,288,421	9,085,048	45,872,653	89,833,131
PROGRAM REVENUES						
Charges for services	143,817	1,926,168	343,278	430,952	-	2,844,215
Operating grants and contributions	14,649	362,908	266,436	83,321	1,359,398	2,086,712
Capital grants and contributions	-	310,658	353,188	184,254	-	848,100
Total program revenues	158,466	2,599,734	962,902	698,527	1,359,398	5,779,027
Net expense (revenue)	(4,574,264)	(9,254,545)	(17,325,519)	(8,386,521)	(44,513,255)	(84,054,104)
GENERAL REVENUES						
Per pupil operating revenue	2,882,487	8,778,289	9,771,215	5,108,925	27,680,476	54,221,392
Mill levy override	205,648	128,610	-	469,583	211,627	1,015,468
Investment earnings	2,861	67,713	17,243	-	95,341	183,158
Insurance proceeds	-	-	-	31,597	-	31,597
Miscellaneous	132,757	104,750	405,033	3,804	22,110	668,454
Total general revenues	3,223,753	9,079,362	10,193,491	5,613,909	28,009,554	56,120,069
Change in net position	(1,350,511)	(175,183)	(7,132,028)	(2,772,612)	(16,503,701)	(27,934,035)
Net position - beginning, as restated (deficit)	(3,224,323)	1,632,312	(9,552,163)	(6,744,173)	(29,388,327)	(47,276,674)
Net position - ending (deficit)	\$ (4,574,834)	\$ 1,457,129	\$ (16,684,191)	\$ (9,516,785)	\$ (45,892,028)	\$ (75,210,709)

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

NOTES TO FINANCIAL STATEMENTS

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of El Paso County Colorado 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 Colorado 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 Colorado School District 49 for reporting purposes. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Aggregate discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the district. The District has presented the following component units:

Discretely Presented Component Units

The Board of Education approved six charter schools for operation. Five of schools are considered discretely presented component units: Pikes Peak School of Expeditionary Learning, Banning Lewis Ranch Academy, Rocky Mountain Classical Academy, Imagine Classical Academy, and Guided Online Academic Learning (GOAL) Academy. The 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, 2018 is as follows:

<u>Charter School</u>	<u>Amount</u>
Pikes Peak School of Expeditionary Learning	\$ 2,882,487
Banning Lewis Ranch Academy	8,778,289
Rocky Mountain Classical Academy	9,771,215
Imagine Classical Academy	5,108,925
GOAL Academy	<u>27,680,476</u>
	<u>\$ 54,221,392</u>

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

Imagine Classical Academy
6464 Peterson Road
Colorado Springs, CO 80923

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

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

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

Power Technical Early College (PTEC) is one of the District's charter schools; however, it is not considered a component unit. The District provided \$1,748,780 per pupil revenue to the school. Financial information for PTEC can be found in the James Irwin Charter Schools financial statements which can be obtained by writing to the following:

James Irwin Charter Schools
5525 Astrozon Blvd.
Colorado Springs, CO 80916

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 COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 *Capital Projects Mill Levy Fund* accounts for all resources provided through mill levy overrides for acquiring and improving capital sites, buildings, and equipment.

Additionally, the District reports the following fund types:

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

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

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

The *Other Special Revenue Fund* is used to account for other local revenues comprised of donations and local grants.

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.

Debt Service Funds account for and report resources that are restricted, committed, or assigned to expenditure for principal and interest.

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.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Certificate of Participation (COP) Debt Service Fund* is used to account for the accumulation of resources and payment of principal, interest and related expenditures on COP debt.

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

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

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

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

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

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

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

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

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

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Receivables

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.

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

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

Capital Assets

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

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

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (continued)

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.

Pensions

El Paso County Colorado 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.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. Governmental accounting standards require the net pension liability and related amounts of the SCHDTF for financial reporting purposes be measured using the plan provisions in effect as of the SCHDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled *Changes between the measurement date of the net pension liability and June 30, 2018*.

Health Care Trust Fund

El Paso County Colorado School District 49 participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. REVENUES AND EXPENDITURES/EXPENSES (CONTINUED)

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, 2018 is 43.648 mills for general operating expenses. The District's assessed valuation for the collection year 2018 is \$840,574,750.

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

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

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

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

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.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

I. ADOPTION OF NEW ACCOUNTING STANDARDS

The District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, effective July 1, 2017. This Statement establishes standards of accounting and financial reporting for defined benefit Health Care Trust funds provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. As a result, net position at June 30, 2017, was restated to reflect the cumulative effect of adopting the standards.

Net Position, June 30, 2017, as Originally Stated	\$ (156,443,952)
Adjustment to fund balance	<u>(9,847,405)</u>
Net Position, June 30, 2017, as Restated (deficit)	<u><u>\$ (166,291,357)</u></u>

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	\$ 59,405,606
Net depreciable assets	<u>124,359,221</u>
Net adjustment to <i>total fund balances—governmental funds</i> to arrive at <i>total net position—governmental activities</i>	<u><u>\$ 183,764,827</u></u>

Another element of that reconciliation explains that “other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred outflows of resources”.

Deferred outflows – pensions	\$ 145,040,302
Deferred outflows – OPEB	<u>731,282</u>
Net adjustment to <i>total fund balances—governmental funds</i> to arrive at <i>total net position—governmental activities</i>	<u><u>\$ 145,771,584</u></u>

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

Another element of that reconciliation explains that “net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the funds”.

Net pension liability	\$ (464,333,291)
Net OPEB liability	<u>(10,603,540)</u>
Net adjustment to <i>total fund balances—governmental funds</i> to arrive at <i>total net position—governmental activities</i>	<u>\$ (474,936,831)</u>

Another element of that reconciliation explains that “other long-term liabilities are not due and payable in the current period and, therefore, are reported as deferred inflows of resources”.

Deferred inflows – pensions	\$ (19,033,496)
Deferred inflows – OPEB	<u>(177,395)</u>
Net adjustment to <i>total fund balances—governmental funds</i> to arrive at <i>total net position—governmental activities</i>	<u>\$ (19,210,891)</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:

Certificates of Participation	\$ (144,515,000)
COP Premium	(13,775,862)
Capital Lease Obligations	(5,711,235)
Compensated Absences	<u>(1,114,910)</u>
Net adjustment to <i>total fund balances—governmental funds</i> to arrive at <i>net position—governmental activities</i>	<u>\$ (165,117,007)</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	\$ (7,030,015)
Capital outlays	<u>46,728,829</u>
Net adjustment to <i>net change in fund balances—governmental funds</i> to arrive at <i>change in net position—governmental activities</i>	<u>\$ 39,698,814</u>

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

**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:

Capital lease obligation proceeds	\$ (2,121,372)
General obligation bonds principal payments	4,960,000
Certificates of participation principal payments	1,740,000
Capital lease principal payments	236,428
Amortization of deferred on refunding	(505,176)
Accretion of bond and COP premiums	<u>597,302</u>
Net adjustment to <i>net change in fund balances—governmental funds</i> to arrive at <i>change in net position—governmental activities</i>	<u>\$ 4,907,182</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.

Excess of expenditures over appropriations

For the year ended June 30, 2018, expenditures exceeded appropriations in the Food Service Fund, the Risk Management Fund, and the Transportation Fund by \$223,402, \$752,128, and \$171,567, respectively. These excess of expenditures over appropriations were funded by additional revenues during the year. A budget was not adopted for the Certificate of Participation Debt Service Fund.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DEPOSITS AND INVESTMENTS

Cash deposits with financial institutions

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

The carrying amount of the District's deposits at June 30, 2018 was \$67,488 and the bank balances were \$1,956,810. Of the bank balances, \$1,000,000 was covered by federal deposit insurance and the balance was uninsured but collateralized in accordance with the provisions of the PDPA.

Investments

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

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

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

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

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

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2018 all of the District's investments in COLOTRUST and money markets were rated AAAm by Standard & Poor's.

At June 30, 2018 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	\$ 78,201,962
Money Market	Less than 60 days	<u>7,953,910</u>
		<u>\$ 86,155,872</u>

Restricted cash and investments

Cash and investments of \$60,346,752 representing reserves for debt service of \$7,568,784 in the Certificate of Participation Debt Service fund, mill levy override funds of \$9,305,081, and Building fund reserves of \$43,472,887.

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, 2018 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 6,685,954	\$ 4,329,123
Building Fund	-	6,253,460
Nonmajor Governmental Funds	2,954,530	432,495
Risk Management – Health Insurance Fund	<u>1,374,594</u>	<u>-</u>
	<u>\$ 11,015,078</u>	<u>\$ 11,015,078</u>

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

Interfund transfers

Interfund transfer activity for the year ended June 30, 2018 is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ -	\$ 15,862,081
Nonmajor Governmental Funds	<u>15,862,081</u>	<u>-</u>
	<u>\$ 15,862,081</u>	<u>\$ 15,862,081</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, 2018 was as follows:

	<u>Balance 06/30/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/18</u>
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 17,191,750	\$ -	\$ -	\$ 17,191,750
Construction in progress	<u>3,287,399</u>	<u>46,247,298</u>	<u>(7,320,841)</u>	<u>42,213,856</u>
Total capital assets not being depreciated	<u>20,479,149</u>	<u>46,247,298</u>	<u>(7,320,841)</u>	<u>59,405,606</u>
Capital assets being depreciated:				
Buildings and improvements	195,682,746	4,033,442	(2,839,421)	196,876,767
Equipment	<u>21,710,633</u>	<u>3,768,930</u>	<u>(7,156,140)</u>	<u>18,323,423</u>
Total capital assets being depreciated	<u>217,393,379</u>	<u>7,802,372</u>	<u>(9,995,561)</u>	<u>215,200,190</u>
Less accumulated depreciation for:				
Buildings and improvements	(74,570,534)	(5,955,399)	1,519,054	(79,006,879)
Equipment	<u>(17,804,748)</u>	<u>(1,074,616)</u>	<u>7,045,274</u>	<u>(11,834,090)</u>
Total accumulated depreciation	<u>(92,375,282)</u>	<u>(7,030,015)</u>	<u>8,564,328</u>	<u>(90,840,969)</u>
Total capital assets being depreciated, net	<u>125,018,097</u>	<u>772,357</u>	<u>(1,431,233)</u>	<u>124,359,221</u>
Governmental activities capital assets, net	<u>\$ 145,497,246</u>	<u>\$ 47,019,655</u>	<u>\$ (8,752,074)</u>	<u>\$ 183,764,827</u>

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

Instruction	\$ 6,130,227
Supporting services	<u>899,788</u>
	<u>\$ 7,030,015</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, 2018, are \$11,364,022. 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, 2018 are as follows:

	<u>Principal</u> <u>Balance</u>
\$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. The bonds were paid in full during the current fiscal year.	<u>\$ -</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.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

Certificates of Participation (Continued)

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

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

Fiscal Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 4,865,000	\$ 6,441,763
2020	5,025,000	6,249,837
2021	5,245,000	6,008,813
2022	5,505,000	5,766,000
2023	5,725,000	5,541,862
2024-2028	30,375,000	23,259,688
2029-2033	27,100,000	16,627,162
2034-2038	33,630,000	10,071,144
2039-2043	<u>27,045,000</u>	<u>2,835,125</u>
Total	<u>\$144,515,000</u>	<u>\$ 82,801,394</u>

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 \$8,700,000 have been capitalized under these leases.

Assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Buildings and improvements	\$ 8,700,000
Less: Accumulated depreciation	<u>(1,037,500)</u>
Total	<u>\$ 7,662,500</u>

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, were as follows

<u>Year Ending June 30</u>	
2019	\$ 1,563,375
2020	1,563,375
2021	443,834
2022	443,834
2023	443,834
2024 – 2028	2,012,181
2029 – 2030	<u>586,197</u>
Total minimum lease payments	7,056,630
Less: amount representing interest	<u>(1,345,395)</u>
Present value of minimum lease payments	<u>\$ 5,711,235</u>

Changes in Long-Term Liabilities

The following is a summary of long-term liabilities of the District for the year ended June 30, 2018:

	<u>Balance</u> <u>06/30/17</u>	<u>Debt Issued</u> <u>And Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/18</u>	<u>Due Within</u> <u>One year</u>
<i>Governmental Activities</i>					
General obligation bonds	\$ 4,960,000	\$ -	\$ 4,960,000	\$ -	\$ -
Certificates of participation	146,255,000	-	1,740,000	144,515,000	4,865,000
COP premium	14,373,164	-	597,302	13,775,862	-
Capital lease obligations	3,826,291	2,121,372	236,428	5,711,235	1,284,983
Compensated absences	<u>2,780,136</u>	<u>1,842,277</u>	<u>3,385,433</u>	<u>1,236,980</u>	<u>122,070</u>
<i>Total Governmental Activities</i>	<u>\$ 172,194,591</u>	<u>\$ 3,963,649</u>	<u>\$ 10,919,163</u>	<u>\$ 165,239,077</u>	<u>\$ 6,272,053</u>

Payments on the general obligation bonds are made by the Bond Redemption fund with property taxes. Certificates of participation are serviced by the COP Debt Service fund. 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 COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018 are as follows:

Net claims payable as of 6/30/2017	\$ 430,262
Claims presented	8,426,049
Claims paid	<u>(8,364,383)</u>
Net claims payable as of 6/30/2018	<u>\$ 491,928</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 dba EDUCATION reENVISIONED (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 Colorado 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.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits provided as of December 31, 2017. 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.

As of December 31, 2017, 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 COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions provisions as of June 30, 2018: Eligible employees and El Paso County Colorado School District 49 are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
Employer contribution rate ¹	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	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	5.00%	5.50%
Total employer contribution rate to the SCHDTF¹	18.63%	19.13%

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 Colorado School District 49 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from El Paso County Colorado School District 49 were \$12,830,800 for the year ended June 30, 2018.

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

At June 30, 2018, the El Paso County Colorado School District 49 reported a liability of \$464,333,291 for its proportionate share of the net pension liability. The net pension liability for the SCHDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total pension liability to December 31, 2017. The El Paso County Colorado School District 49 proportion of the net pension liability was based on El Paso County Colorado School District 49 contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the El Paso County Colorado School District 49's proportion was 1.4359441087 percent, which was an increase of 0.0541338057 percent from its proportion measured as of December 31, 2016.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2018, the El Paso County Colorado School District 49 recognized pension expense of \$103,876,399. At June 30, 2018, the El Paso County Colorado School District 49 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual Experience	\$ 8,537,133	\$ -
Changes of assumptions or other inputs	118,561,540	752,363
Net difference between projected and actual earnings on pension plan investments	-	18,234,810
Changes in proportion and differences between contributions recognized and proportionate share of contributions	11,312,556	46,323
Contributions subsequent to the measurement date	6,629,073	-
Total	\$ 145,040,302	\$ 19,033,496

\$6,629,073 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2018:	
2019	\$ 78,944,401
2020	\$ 45,684,530
2021	\$ 1,608,809
2022	\$ (6,860,007)
2023	\$ -
Thereafter	\$ -

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

A discount rate of 4.78 percent was used in the roll-forward calculation of the total pension liability to the measurement date of December 31, 2017.

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

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

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

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 4.78 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 3.50%.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.48 percent higher compared to the current measurement date.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the El Paso County Colorado 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 4.78 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 (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	\$ 586,531,920	\$ 464,333,291	\$ 364,755,363

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.

Changes between the measurement date of the net pension liability and June 30, 2018.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2018, the El Paso County Colorado School District 49 reported a liability of \$464,333,291 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the El Paso County Colorado School District 49 proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$ 209,781,756

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$216,753,681 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Health Care Trust Fund

Plan description. Eligible employees of the El Paso County Colorado School District 49 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the El Paso County Colorado School District 49 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from El Paso County Colorado School District 49 were \$693,010 for the year ended June 30, 2018.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the El Paso County Colorado School District 49 reported a liability of \$10,603,540 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The El Paso County Colorado School District 49 proportion of the net OPEB liability was based on El Paso County Colorado School District 49 contributions to the HCTF for calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the El Paso County Colorado School District 49 proportion was 0.8159079345 percent, which was an increase of 0.0304680885 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the El Paso County Colorado School District 49 recognized OPEB expense of \$895,256. At June 30, 2018, the El Paso County Colorado School District 49 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 50,146	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	177,395
Changes in proportion and differences between contributions recognized and proportionate share of contributions	327,676	-
Contributions subsequent to the measurement date	353,460	-
Total	\$ 731,282	\$ 177,395

\$353,460 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2018:	
2019	\$ 29,879
2020	\$ 29,879
2021	\$ 29,879
2022	\$ 29,896
2023	\$ 74,232
Thereafter	\$ 6,662

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed 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 COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

Sensitivity of the El Paso County Colorado School District 49 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	\$ 10,311,795	\$ 10,603,540	\$ 10,954,927

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the El Paso County Colorado School District 49 proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 11,921,712	\$ 10,603,540	\$ 9,478,443

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

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Grants

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

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Legal

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

Construction commitments

The District has active construction projects as of June 30, 2018. The projects are for mill levy override projects. At year end the district's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining commitment
Bennett Ranch project	\$ 1,978,818	\$ 4,685,168
Falcon High project	\$ 247,515	\$ 1,071,371
Vista Ridge project	\$ 399,063	\$ 2,029,565
Sand Creek project	\$ 240,646	\$ 1,236,528
Vista Del Pico project	\$ 4,102,165	\$ 18,111,116

NOTE 14 - TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

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

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

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

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

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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

The Amendment requires Emergency Reserves to be established. These reserves must be 3 percent of Fiscal Year Spending. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. As of June 30, 2018 the District reserved \$3,455,000 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.

REQUIRED SUPPLEMENTARY INFORMATION

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
SCHEDULE OF DISTRICT'S SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2018

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	1.4359441087%	1.3818103030%	1.3190171248%	1.3054972089%	1.2885339442%
District's proportionate share of the net pension liability (asset)	\$ 464,333,291	\$ 411,418,362	\$ 201,734,357	\$ 176,938,723	\$ 164,352,157
District's covered payroll	\$ 66,238,405	\$ 62,018,121	\$ 57,482,464	\$ 54,690,968	\$ 51,944,906
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	701.00%	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	44.0%	43.1%	59.2%	62.8%	64.1%

* The pension plan has a December 31 year-end. The amounts presented above and contractually required contribution percentages were determined as of December 31.

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

See the accompanying independent auditors' report.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
SCHEDULE OF DISTRICT'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2018

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 12,340,215	\$ 11,243,885	\$ 9,961,711	\$ 8,985,726	\$ 8,067,044
Contributions in relation to the contractually required contribution	<u>(12,340,215)</u>	<u>(11,243,885)</u>	<u>(9,961,711)</u>	<u>(8,985,726)</u>	<u>(8,067,044)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 66,238,405	\$ 62,018,121	\$ 57,482,464	\$ 54,690,968	\$ 51,944,906
Contributions as a percentage of covered payroll	18.63%	18.13%	17.33%	16.43%	15.53%

- * The pension plan has a December 31 year-end. The amounts presented above and contractually required contribution percentages were determined as of December 31.
- * Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
SCHEDULE OF DISTRICT'S SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2018

	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.8159079345%	0.7854398460%
District's proportionate share of the net OPEB liability (asset)	\$ 10,603,540	\$ 10,183,495
District's covered payroll	\$ 66,239,214	\$ 62,018,305
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	17.5%	16.7%

* The pension plan has a December 31 year-end. The amounts presented above and contractually required contribution percentages were determined as of December 31.

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

See the accompanying independent auditors' report.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
SCHEDULE OF DISTRICT'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2018

	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 675,640	\$ 632,587
Contributions in relation to the contractually required contribution	<u>(675,640)</u>	<u>(632,587)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 66,239,214	\$ 62,018,305
Contributions as a percentage of covered payroll	1.02%	1.02%

* The pension plan has a December 31 year-end. The amounts presented above and contractually required contribution percentages were determined as of December 31.

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

See the accompanying independent auditors' report.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$ 34,394,485	\$ 36,544,159	\$ 35,426,675	\$ (1,117,484)
Specific ownership taxes	3,089,871	3,468,030	4,649,510	1,181,480
State sources	147,846,021	148,845,595	77,477,119	(71,368,476)
Federal sources	497,291	544,217	637,393	93,176
Other local revenue	4,274,812	5,151,260	6,537,369	1,386,109
Total revenues	<u>190,102,480</u>	<u>194,553,261</u>	<u>124,728,066</u>	<u>(69,825,195)</u>
EXPENDITURES				
Instruction	60,118,345	60,087,257	63,135,548	(3,048,291)
Supporting services				
Student support	7,485,044	7,322,974	7,234,346	88,628
Instructional staff	4,705,393	5,661,035	5,176,478	484,557
General administration	1,251,252	1,238,630	721,040	517,590
School administration	8,710,964	9,302,699	9,304,160	(1,461)
Business services	1,632,470	1,636,767	2,784,159	(1,147,392)
Operations and maintenance	10,063,319	10,052,044	10,289,769	(237,725)
Student transportation	2,166,066	2,098,613	2,686,526	(587,913)
Central support service	7,025,064	7,431,516	8,488,396	(1,056,880)
Other support services	2,520	2,520	816	1,704
Community services	-	-	1,505	(1,505)
Facilities acquisition & construction	2,630,747	3,360,113	3,238,699	121,414
Debt service	13,781,336	15,536,906	443,834	15,093,072
Contingency reserves	(1,905,471)	16,266	-	16,266
Total expenditures	<u>117,667,049</u>	<u>123,747,340</u>	<u>113,505,276</u>	<u>10,242,064</u>
Excess (deficiency) of revenues over expenditures	<u>72,435,431</u>	<u>70,805,921</u>	<u>11,222,790</u>	<u>(59,583,131)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(69,403,058)	(71,179,946)	(15,862,081)	55,317,865
Capital lease issuance	-	-	2,121,373	2,121,373
Total other financing sources (uses)	<u>(69,403,058)</u>	<u>(71,179,946)</u>	<u>(13,740,708)</u>	<u>57,439,238</u>
Net change in fund balance	3,032,373	(374,025)	(2,517,918)	(2,143,893)
Fund balance - beginning	8,417,962	14,717,054	24,915,693	10,198,639
Fund balance - ending	<u>\$ 11,450,335</u>	<u>\$ 14,343,029</u>	<u>\$ 22,397,775</u>	<u>\$ 8,054,746</u>

See the accompanying independent auditors' report.

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

CAPITAL PROJECTS MILL LEVY FUND

This fund is used to account for all resources provided through mill levy overrides for acquiring and improving capital sites, buildings, and equipment.

The Capital Projects Mill Levy Fund is deemed to be a major fund for financial reporting purposes.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
CAPITAL PROJECTS MILL LEVY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ -	\$ 22,685	\$ 22,685
Total revenues	-	22,685	22,685
EXPENDITURES			
Community services	\$ -	\$ 1,284	\$ (1,284)
Facilities acquisition & construction	78,087,302	44,860,186	33,227,116
Total expenditures	78,087,302	44,861,470	33,225,832
Net change in fund balance	(78,087,302)	(44,838,785)	33,248,517
Fund balance - beginning	78,087,302	78,087,302	-
Fund balance - ending	\$ -	\$ 33,248,517	\$ 33,248,517

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.

Other Special Revenue Fund

This fund is used to account for other local revenues comprised of donations and local grants.

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.

Debt Service Funds

Debt Service Funds are used to account for and report resources that are restricted, committed or assigned to expenditure for principal and interest. The District has the following Debt Service Funds:

Bond Redemption Fund

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.

Certificate of Participation (COP) Debt Service Fund

A debt service type fund to account for the accumulation of resources and payment of principal, interest and related expenditures on COP debt.

Capital Projects Fund

Capital Reserve 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 COLORADO SCHOOL DISTRICT 49
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Food Service Fund	Governmental Designated- Purpose Grants Fund	Other Special Revenue Fund	Pupil Activity Fund	Transportation Fund	Kids Corner Fund	Bond Redemption Fund	Certificate of Participation Debt Service Fund	Capital Reserve Fund	Total Nonmajor Governmental Funds
ASSETS										
Cash and cash equivalents	\$ 55,561	\$ -	\$ 575,072	\$ -	\$ 50,599	\$ 21,973	\$ -	\$ -	\$ -	\$ 703,205
Restricted cash and cash equivalents	-	-	-	-	-	-	-	7,568,784	-	7,568,784
Accounts receivable	-	-	-	-	120,258	-	-	-	-	120,258
Grants receivable	6,754	1,997,354	-	-	-	-	-	-	-	2,004,108
Due from other funds	1,313,203	90,929	-	425,142	-	45,051	-	-	1,080,205	2,954,530
Inventories	110,857	-	-	-	-	-	-	-	-	110,857
Total assets	<u>\$ 1,486,375</u>	<u>\$ 2,088,283</u>	<u>\$ 575,072</u>	<u>\$ 425,142</u>	<u>\$ 170,857</u>	<u>\$ 67,024</u>	<u>\$ -</u>	<u>\$ 7,568,784</u>	<u>\$ 1,080,205</u>	<u>\$ 13,461,742</u>
LIABILITIES										
Accounts payable and other accrued liabilities	\$ 173,890	\$ 190,607	\$ 751	\$ 3,730	\$ -	\$ 5,087	\$ -	\$ -	\$ -	\$ 374,065
Accrued salaries and benefits	58,317	249,074	-	-	55,975	61,937	-	-	-	425,303
Compensated absences	1,055	-	-	-	269	-	-	-	-	1,324
Due to other funds	-	-	317,882	-	114,613	-	-	-	-	432,495
Unearned revenue	-	1,648,602	256,439	-	-	-	-	-	-	1,905,041
Total liabilities	<u>233,262</u>	<u>2,088,283</u>	<u>575,072</u>	<u>3,730</u>	<u>170,857</u>	<u>67,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,138,228</u>
FUND BALANCES										
Nonspendable	110,857	-	-	-	-	-	-	-	-	110,857
Restricted for:										
Debt service	-	-	-	-	-	-	-	7,568,784	-	7,568,784
Food Services	1,142,256	-	-	-	-	-	-	-	-	1,142,256
Committed for:										
Pupil activities	-	-	-	421,412	-	-	-	-	-	421,412
Assigned:										
Capital Projects	-	-	-	-	-	-	-	-	1,080,205	1,080,205
Total fund balances	<u>1,253,113</u>	<u>-</u>	<u>-</u>	<u>421,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,568,784</u>	<u>1,080,205</u>	<u>10,323,514</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,486,375</u>	<u>\$ 2,088,283</u>	<u>\$ 575,072</u>	<u>\$ 425,142</u>	<u>\$ 170,857</u>	<u>\$ 67,024</u>	<u>\$ -</u>	<u>\$ 7,568,784</u>	<u>\$ 1,080,205</u>	<u>\$ 13,461,742</u>

See the accompanying independent auditors' report.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Food Service Fund	Governmental Designated- Purpose Grants Fund	Other Special Revenue Fund	Pupil Activity Fund	Transportation Fund	Kids Corner Fund	Bond Redemption Fund	Certificate of Participation Debt Service Fund	Capital Reserve Fund	Total Nonmajor Governmental Funds
REVENUES										
Local sources	\$ 1,731,774	\$ -	\$ 322,628	\$ 925,950	\$ 420,972	\$ 1,024,843	\$ 72,079	\$ 564,471	\$ 715,790	\$ 5,778,507
State sources	67,532	419,926	-	-	502,482	-	-	-	-	989,940
Federal sources	2,147,324	5,881,093	-	-	-	-	-	-	-	8,028,417
Total revenues	3,946,630	6,301,019	322,628	925,950	923,454	1,024,843	72,079	564,471	715,790	14,796,864
EXPENDITURES										
Instruction	-	3,458,645	176,654	1,028,743	-	756,259	-	-	-	5,420,301
Supporting services	-	2,842,374	145,974	35,202	1,442,127	173,656	-	-	351,699	4,991,032
Community services	-	-	-	-	-	153,174	-	-	-	153,174
Food Service	3,960,940	-	-	-	-	-	-	-	-	3,960,940
Debt service	-	-	-	-	-	-	4,997,323	8,298,591	-	13,295,914
Total expenditures	3,960,940	6,301,019	322,628	1,063,945	1,442,127	1,083,089	4,997,323	8,298,591	351,699	27,821,361
Excess (deficiency) of revenues over expenditures	(14,310)	-	-	(137,995)	(518,673)	(58,246)	(4,925,244)	(7,734,120)	364,091	(13,024,497)
OTHER FINANCING SOURCES (USES)										
Transfers in (out)	-	-	-	199,964	518,673	-	(159,460)	15,302,904	-	15,862,081
Net change in fund balances	(14,310)	-	-	61,969	-	(58,246)	(5,084,704)	7,568,784	364,091	2,837,584
Fund balances - beginning	1,267,423	-	-	359,443	-	58,246	5,084,704	-	716,114	7,485,930
Fund balances - ending	\$ 1,253,113	\$ -	\$ -	\$ 421,412	\$ -	\$ -	\$ -	\$ 7,568,784	\$ 1,080,205	\$ 10,323,514

See the accompanying independent auditors' report.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ 1,749,948	\$ 1,731,774	\$ (18,174)
State sources	23,821	67,532	43,711
Federal sources	1,786,769	2,147,324	360,555
	<u>3,560,538</u>	<u>3,946,630</u>	<u>386,092</u>
EXPENDITURES			
Salaries	1,205,358	1,285,348	(79,990)
Employee benefits	383,899	398,693	(14,794)
Purchased services	151,581	231,582	(80,001)
Supplies	1,282,930	1,831,343	(548,413)
Equipment	50,000	15,660	34,340
Other	215,415	11,314	204,101
Indirect costs	282,671	187,000	95,671
Contingency reserve	165,684	-	165,684
	<u>3,737,538</u>	<u>3,960,940</u>	<u>(223,402)</u>
Net change in fund balances	(177,000)	(14,310)	162,690
Fund balances - beginning	<u>1,267,423</u>	<u>1,267,423</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 1,090,423</u></u>	<u><u>\$ 1,253,113</u></u>	<u><u>\$ 162,690</u></u>

See the accompanying independent auditor's report

EL PASO COUNTY COLORADO 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, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
State sources	\$ 363,889	\$ 419,926	\$ 56,037
Federal sources	9,313,483	5,881,093	(3,432,390)
	<u>9,677,372</u>	<u>6,301,019</u>	<u>(3,376,353)</u>
Total revenues	<u>9,677,372</u>	<u>6,301,019</u>	<u>(3,376,353)</u>
EXPENDITURES			
Salaries	7,058,242	3,132,083	3,926,159
Benefits	1,353,033	983,333	369,700
Purchased Services	1,703,301	1,819,374	(116,073)
Supplies	(792,207)	271,464	(1,063,671)
Property and Equipment	242,558	88,422	154,136
Other	112,445	6,343	106,102
	<u>9,677,372</u>	<u>6,301,019</u>	<u>3,376,353</u>
Total expenditures	<u>9,677,372</u>	<u>6,301,019</u>	<u>3,376,353</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditor's report

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ 322,628	\$ 322,628	\$ -
Total revenues	322,628	322,628	-
EXPENDITURES			
Salaries	26,456	26,456	-
Benefits	4,034	4,034	-
Purchased Services	86,675	86,675	-
Supplies	164,449	164,449	-
Property and Equipment	12,160	12,160	-
Other	28,854	28,854	-
Total expenditures	322,628	322,628	-
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -

See the accompanying independent auditor's report

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
PUPIL ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ 965,650	\$ 925,950	\$ (39,700)
Total revenues	965,650	925,950	(39,700)
EXPENDITURES			
Instruction	1,302,507	1,028,743	273,764
Supporting services			
Student support	14,943	11,802	3,141
Instructional staff	29,627	23,400	6,227
Total expenditures	1,347,077	1,063,945	283,132
Excess (deficiency) in revenues over expenditures	(381,427)	(137,995)	243,432
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	199,964	199,964
Net change in fund balance	(381,427)	61,969	443,396
Fund balance - beginning	381,427	359,443	(21,984)
Fund balance - ending	\$ -	\$ 421,412	\$ 421,412

See the accompanying independent auditors' report.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	\$ 349,574	\$ 420,662	\$ 71,088
State revenue	420,554	502,482	81,928
Interest	-	310	310
	<u>770,128</u>	<u>923,454</u>	<u>153,326</u>
EXPENDITURES			
Salaries	634,767	613,090	21,677
Employee benefits	422,293	381,053	41,240
Purchased services	3,500	30,431	(26,931)
Fuel charges	210,000	389,050	(179,050)
Other expenses	-	28,503	(28,503)
	<u>1,270,560</u>	<u>1,442,127</u>	<u>(171,567)</u>
Excess (deficiency) of revenues over expenditures	<u>(500,432)</u>	<u>(518,673)</u>	<u>(18,241)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>500,432</u>	<u>518,673</u>	<u>18,241</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 COLORADO SCHOOL DISTRICT 49
KIDS CORNER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ 1,090,000	\$ 1,024,843	\$ (65,157)
Total revenues	1,090,000	1,024,843	(65,157)
EXPENDITURES			
Instruction	793,630	756,259	37,371
Supporting services			
School administration	58,459	55,706	2,753
Business services	1,679	1,600	79
Operations and maintenance	118,044	112,486	5,558
Central	4,055	3,864	191
Community service	160,743	153,174	7,569
Total expenditures	1,136,610	1,083,089	53,521
Net change in fund balance	(46,610)	(58,246)	(11,636)
Fund balance - beginning	56,610	58,246	1,636
Fund balance - ending	\$ 10,000	\$ -	\$ (10,000)

See the accompanying independent auditor's report

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
BOND REDEMPTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 149,657	\$ 57,871	\$ (91,786)
Interest	-	14,208	14,208
Total revenues	149,657	72,079	(77,578)
EXPENDITURES			
Debt Service			
Principal retirement	5,024,877	4,960,000	64,877
Interest and fiscal charges	209,484	37,323	172,161
Total expenditures	5,234,361	4,997,323	237,038
Excess (deficiency) of revenues over expenditures	(5,084,704)	(4,925,244)	159,460
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	(159,460)	(159,460)
Total other financing sources and (uses)	-	(159,460)	(159,460)
Net change in fund balance	(5,084,704)	(5,084,704)	-
Fund balance - beginning	5,084,704	5,084,704	-
Fund balance - ending	\$ -	\$ -	\$ -

See the accompanying independent auditors' report.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
CERTIFICATE OF PARTICIPATION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ -	\$ 564,471	\$ 564,471
Total revenues	-	564,471	564,471
EXPENDITURES			
Debt Service			
Principal retirement	-	1,740,000	(1,740,000)
Interest and fiscal charges	-	6,558,591	(6,558,591)
Total expenditures	-	8,298,591	(8,298,591)
Excess (deficiency) of revenues over expenditures	-	(7,734,120)	(7,734,120)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	15,302,904	15,302,904
Total other financing sources and (uses)	-	15,302,904	15,302,904
Net change in fund balance	-	7,568,784	7,568,784
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ 7,568,784	\$ 7,568,784

See the accompanying independent auditors' report.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Other local revenue	\$ 100,000	\$ 715,790	\$ 615,790
Total revenues	100,000	715,790	615,790
EXPENDITURES			
Supporting services	584,545	351,699	232,846
Total expenditures	584,545	351,699	232,846
Net change in fund balance	(484,545)	364,091	848,636
Fund balance - beginning	484,545	716,114	231,569
Fund balance - ending	\$ -	\$ 1,080,205	\$ 1,080,205

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 COLORADO 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, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Premiums & employer contributions	\$ 9,223,060	\$ 9,212,887	\$ (10,173)
Refunds & other revenue	100,000	87,196	(12,804)
Total operating revenues	9,323,060	9,300,083	(22,977)
OPERATING EXPENSES			
Purchased medical services & supplies	7,451,658	8,365,013	(913,355)
Purchased management services	1,550,000	1,538,773	11,227
Contingency reserve	150,000	-	150,000
Total operating expenses	9,151,658	9,903,786	(752,128)
Operating income (loss)	171,402	(603,703)	(775,105)
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	-	36,536	36,536
Total non-operating revenue (expenses)	-	36,536	36,536
Change in net position	171,402	(567,167)	(738,569)
Net position - beginning	1,178,598	1,521,077	342,479
Net position - ending	\$ 1,350,000	\$ 953,910	\$ (396,090)

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 COLORADO 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, 2018**

	Final Budget	Actual	Variance Favorable (Unfavorable)
ADDITIONS			
Interest	\$ 200	\$ 54	\$ (146)
Total additions	200	54	(146)
DEDUCTIONS			
Scholarships awarded	5,869	1,000	4,869
Total deductions	5,869	1,000	4,869
Change in net position	(5,669)	(946)	4,723
Net position - beginning	5,669	5,668	(1)
Net position - ending	\$ -	\$ 4,722	\$ 4,722

See the accompanying independent auditors' report.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
AGENCY FUND - PUPIL ACTIVITY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Balance 6/30/2017	Additions/ Revenues	Deletions/ Expenditures	Balance 6/30/2018
ASSETS				
Cash and cash equivalents	\$ 680,849	\$ 1,671,806	\$ 1,642,485	\$ 710,170
Receivable from primary government	114,692	188,232	114,692	188,232
Total assets	<u>\$ 795,541</u>	<u>\$ 1,860,038</u>	<u>\$ 1,757,177</u>	<u>\$ 898,402</u>
LIABILITIES				
Accounts payable	\$ 56,761	\$ 25,932	\$ 56,761	\$ 25,932
Due to student organizations	738,780	1,834,106	1,700,416	872,470
Total liabilities	<u>\$ 795,541</u>	<u>\$ 1,860,038</u>	<u>\$ 1,757,177</u>	<u>\$ 898,402</u>

See the accompanying independent auditors' report.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
AGENCY FUND - PUPIL ACTIVITY
SCHEDULE OF CHANGES IN DUE TO STUDENT ORGANIZATIONS
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable/ (Unfavorable)
ADDITIONS			
Pupil Activities	\$ 2,534,350	\$ 1,834,106	\$ (700,244)
DEDUCTIONS			
Pupil Activities	2,152,923	1,700,416	452,507
Change in Due to Student Organizations	381,427	133,690	(247,737)
Due to student organizations - beginning	131,442	738,780	607,338
Due to student organizations - ending	\$ 512,869	\$ 872,470	\$ 359,601

See the accompanying independent auditors' report.

Statistical Section



Financial Trends - The schedules on pages 84-86 contain financial trend information to help the reader understand how the District's financial condition has changed over time.

Revenue Capacity - Pages 88-91 contain information to help the reader assess the District's most significant local revenue source, property taxes.

Debt Capacity - Pages 92-96 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 97-98 offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information - Pages 99-105 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 COLORADO SCHOOL DISTRICT 49
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$ 71,248,027	\$ 51,925,850	\$ 62,586,945	\$ 51,041,127	\$ 37,296,989	\$ 35,029,181	\$ 32,761,303	\$ 30,964,957	\$ 28,864,346	\$ 29,971,517
Restricted	22,889,437	21,459,232	19,023,043	26,707,696	33,118,602	31,302,846	29,538,781	27,481,494	26,765,444	23,249,963
Unrestricted	(352,056,096)	(229,847,034)	(163,732,245)	(155,030,642)	9,606,890	9,883,219	14,306,890	11,552,181	9,402,720	9,897,606
Total governmental activities net position	(257,918,632)	(156,461,952)	(82,122,257)	(77,281,819)	80,022,481	76,215,246	76,606,974	69,998,631	65,032,510	63,119,086
Business-type activities										
Net investment in capital assets	-	-	-	-	103,691	121,007	280,820	342,141	378,298	420,224
Unrestricted	-	-	-	-	1,126,991	1,061,370	956,988	664,202	799,412	862,500
Total business-type activities in net position	-	-	-	-	1,230,682	1,182,377	1,237,808	1,006,343	1,177,710	1,282,724
Primary government										
Net investment in capital assets	71,248,027	51,925,850	62,586,945	51,041,127	37,400,680	35,150,188	33,042,123	31,307,098	29,242,644	30,391,741
Restricted	22,889,437	21,459,232	19,023,043	26,707,696	33,118,602	31,302,846	29,538,781	27,481,494	26,765,444	23,249,963
Unrestricted	(352,056,096)	(229,847,034)	(163,732,245)	(155,030,642)	10,733,881	10,944,589	15,263,878	12,216,383	10,202,132	10,760,106
Total primary government net position	\$ (257,918,632)	\$ (156,461,952)	\$ (82,122,257)	\$ (77,281,819)	\$ 81,253,163	\$ 77,397,623	\$ 77,844,782	\$ 71,004,974	\$ 66,210,220	\$ 64,401,810

Source: District Financial Records

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities										
Instruction	\$ 128,146,891	\$ 116,929,506	\$ 73,810,829	\$ 69,436,074	\$ 60,020,821	\$ 54,910,864	\$ 51,047,331	\$ 55,647,733	\$ 56,308,429	\$ 54,279,772
Supporting services	100,174,835	81,426,966	55,862,491	51,860,340	44,941,313	39,933,659	35,074,259	37,538,903	39,980,941	45,913,039
Community services	154,679	76,220	3,110	2,309	558	5,230	-	-	-	-
Facilitates acquisition & construction	-	4,238,269	2,313,108	1,555,578	956,249	3,921,201	-	-	-	-
Food services	3,960,940	3,869,435	3,450,685	3,563,638	-	-	-	-	-	-
Interest on long-term debt	6,705,889	6,326,064	4,957,824	5,940,860	5,711,616	6,124,842	6,477,776	6,723,785	6,966,032	8,620,387
Total governmental activities expenses	239,143,234	212,866,460	140,398,047	132,358,799	111,630,557	104,895,796	92,599,366	99,910,421	103,255,402	108,813,198
Business -type activities:										
Food services	-	-	-	-	3,544,264	3,545,394	3,315,431	3,622,951	3,295,282	3,190,818
Total business-type expenses	-	-	-	-	3,544,264	3,545,394	3,315,431	3,622,951	3,295,282	3,190,818
Total primary government expenses	\$ 239,143,234	\$ 212,866,460	\$ 140,398,047	\$ 132,358,799	\$ 115,174,821	\$ 108,441,190	\$ 95,914,797	\$ 103,533,372	\$ 106,550,684	\$ 112,004,016
Program revenues										
Governmental activities										
Charges for services: Instruction	\$ 3,658,885	\$ 1,811,590	\$ 2,996,028	\$ 2,687,910	\$ 3,426,721	\$ 1,643,086	\$ 641,917	\$ 641,917	\$ 641,918	\$ 621,648
Charges for services: Other	12,367,512	11,722,420	11,029,543	10,787,460	7,605,632	7,488,191	2,417,556	2,358,910	2,253,656	1,655,446
Operating grants and contributions	18,024,232	17,241,849	15,591,007	14,378,042	10,912,740	9,750,503	8,056,987	13,020,420	9,319,463	7,596,128
Capital grants and contributions	1,048,808	1,775,996	704,005	2,835,468	175,389	69,801	55,152	52,088	121,411	-
Total governmental activities program revenues	35,099,437	32,551,855	30,320,583	30,688,880	22,120,482	18,951,581	11,171,612	16,073,335	12,336,448	9,873,222
Business -type activities										
Food services	-	-	-	-	1,783,467	1,912,878	2,004,711	2,007,984	1,920,802	1,955,016
Charges for services	-	-	-	-	1,804,446	1,712,285	1,535,564	1,435,405	1,252,180	1,097,657
Operating grants and contributions	-	-	-	-	3,587,913	3,625,163	3,540,275	3,443,389	3,172,982	3,052,673
Total business-type activities program revenues	-	-	-	-	3,587,913	3,625,163	3,540,275	3,443,389	3,172,982	3,052,673
Total primary government program revenues	35,099,437	32,551,855	30,320,583	30,688,880	25,708,395	22,576,744	14,711,887	19,516,724	15,509,430	12,925,895
Net (expense) revenue										
Governmental activities	(204,043,797)	(180,314,605)	(110,077,464)	(101,669,919)	(89,510,075)	(85,944,215)	(81,427,754)	(83,837,086)	(90,918,954)	(98,939,976)
Business -type activities	-	-	-	-	43,649	79,769	224,844	(179,562)	(122,300)	(138,145)
Total primary government net (expense) revenue	\$ (204,043,797)	\$ (180,314,605)	\$ (110,077,464)	\$ (101,669,919)	\$ (89,466,426)	\$ (85,864,446)	\$ (81,202,910)	\$ (84,016,648)	\$ (91,041,254)	\$ (99,078,121)
General revenues										
Governmental activities										
Property taxes	35,475,485	34,687,531	33,364,551	25,822,318	27,517,073	27,217,408	27,181,450	28,713,973	28,958,125	29,881,835
Specific ownership taxes	4,649,510	4,241,772	3,676,411	2,762,983	2,737,200	2,447,418	2,476,004	2,467,992	2,607,142	3,115,704
State equalization	69,913,832	67,533,346	65,914,912	71,655,103	61,879,292	58,587,096	57,265,290	55,421,452	60,892,967	66,905,895
Investment earnings	1,441,278	518,461	84,202	36,042	43,126	76,283	63,377	71,399	105,569	513,820
Miscellaneous revenues	936,417	859,811	474,011	414,377	475,430	349,305	1,049,976	2,128,391	289,318	317,586
Total governmental activities	\$ 112,416,522	\$ 107,840,921	\$ 103,514,087	\$ 100,690,823	\$ 92,652,121	\$ 88,677,510	\$ 88,036,097	\$ 88,803,207	\$ 92,853,121	\$ 100,734,840
Business-type activities										
Investment earnings	-	-	-	-	4,656	6,406	6,621	8,194	17,287	36,784
Miscellaneous revenues	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	4,656	6,406	6,621	8,194	17,287	36,784
Total primary government	112,416,522	107,840,921	103,514,087	100,690,823	92,656,777	88,683,916	88,042,718	88,811,401	92,870,408	100,771,624
Transfers										
Governmental activities	-	-	-	-	665,189	-	-	-	-	-
Business-type activities	-	-	-	-	-	-	-	-	-	-
Changes in net position										
Governmental activities	(91,627,275)	(72,473,684)	(3,563,377)	(979,096)	3,807,235	2,733,295	6,608,343	4,966,121	1,934,167	1,794,864
Prior period adjustment	(166,291,357)	(83,970,268)	-	-	-	(3,266,628)	-	-	(20,743)	-
Business-type activities	-	-	-	-	48,305	86,175	231,465	(171,368)	(105,013)	(101,361)
Total primary government	\$ (257,918,632)	\$ (156,443,952)	\$ (3,563,377)	\$ (979,096)	\$ 3,855,540	\$ (447,158)	\$ 6,839,808	\$ 4,794,753	\$ 1,808,411	\$ 1,693,503

Source: District Financial Records

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Nonspendable	\$ 297,964	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	15,320,653	16,392,528	11,118,279	10,929,805	18,477,589	17,511,950	16,593,550	15,476,154	13,953,894	12,723,986
Committed	6,779,158	8,399,319	7,639,917	7,311,636	5,926,591	7,059,744	7,088,293	5,447,032	186,246	-
Assigned	-	123,846	2,006,325	2,658,563	1,442,415	968,551	4,850,061	4,291,762	7,424,523	9,432,871
Total general fund	<u>22,397,775</u>	<u>24,915,693</u>	<u>20,764,521</u>	<u>20,900,004</u>	<u>25,846,595</u>	<u>25,540,245</u>	<u>28,531,904</u>	<u>25,214,948</u>	<u>21,564,663</u>	<u>22,156,857</u>
All other governmental funds										
Nonspendable	110,857	158,317	183,162	196,826	-	-	-	-	-	-
Restricted	7,568,784	5,087,704	7,904,764	15,777,891	14,641,013	13,790,896	12,945,231	12,005,340	12,625,304	14,372,047
Committed	34,328,722	78,803,416	1,604,279	1,996,455	792,753	393,797	357,732	688,309	-	-
Assigned	1,563,668	1,526,795	419,545	160,020	112,581	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	1,006,106	-
Total all other governmental funds	<u>43,572,031</u>	<u>85,576,232</u>	<u>10,111,750</u>	<u>18,131,192</u>	<u>15,546,347</u>	<u>14,184,693</u>	<u>13,302,963</u>	<u>12,693,649</u>	<u>13,631,410</u>	<u>14,372,047</u>
Total governmental funds	<u>65,969,806</u>	<u>110,491,925</u>	<u>30,876,271</u>	<u>39,031,196</u>	<u>41,392,942</u>	<u>39,724,938</u>	<u>41,834,867</u>	<u>37,908,597</u>	<u>35,196,073</u>	<u>36,528,904</u>

Source: District Financial Records

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Local sources	\$ 52,710,499	\$ 48,276,157	\$ 45,351,070	\$ 35,283,456	\$ 35,954,331	\$ 33,884,059	\$ 34,392,745	\$ 36,760,783	\$ 35,100,024	\$ 33,321,188
State sources	78,467,059	75,829,997	73,529,158	78,220,600	67,010,620	62,636,526	60,826,416	58,862,469	64,461,633	74,502,023
Federal sources	8,665,810	8,510,701	7,341,539	6,920,031	5,010,456	4,429,055	4,317,990	9,371,883	5,697,502	2,594,680
Tuition	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total revenues	139,843,368	132,616,855	126,221,767	120,424,087	107,975,407	100,949,640	99,537,151	104,995,135	105,259,159	110,417,891
Expenditures										
Instruction	68,851,602	66,288,594	62,578,937	57,030,514	54,269,244	48,919,131	47,413,220	49,557,020	51,246,285	48,430,943
Supporting services	51,676,722	48,541,524	43,620,742	39,810,635	38,253,961	36,411,011	33,502,268	36,258,829	37,884,658	34,480,640
Community services	155,963	76,220	3,110	2,309	1,501	1,066	-	-	-	-
Facilities acquisition and construction	48,098,885	7,604,275	2,292,721	5,182,557	1,023,064	3,962,620	1,841,777	2,520,500	2,903,022	6,703,289
Food service	3,960,940	3,869,434	3,450,686	3,563,638	-	-	-	-	-	-
Charter schools	-	-	-	-	-	-	-	-	-	10,317,341
Debt service	13,739,748	15,190,455	10,927,333	13,830,071	13,722,953	13,765,741	13,952,248	14,364,714	14,276,686	14,885,178
Total expenditures	186,483,860	141,570,502	122,873,529	119,419,724	107,270,723	103,059,569	96,709,513	102,701,063	106,310,651	114,817,391
Excess of revenues over (under) expenditures	(46,640,492)	(8,953,647)	3,348,238	1,004,363	704,684	(2,109,929)	2,827,638	2,294,072	(1,051,492)	(4,399,500)
Other financing sources (uses)										
Transfers in	(15,862,081)	-	(420,884)	-	-	-	567,738	605,662	2,722,344	2,715,782
Transfers out	15,862,081	-	420,844	-	902,055	-	(1,200,299)	(605,662)	(2,722,344)	(2,715,782)
Capital lease proceeds	-	-	-	-	-	-	1,731,193	418,452	-	-
Capital lease issuance	2,121,373	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(19,472,793)	-	-	-	-	-	-	-
Payments to escrow agent	-	-	-	(85,197,394)	(3,592,625)	-	-	-	-	-
Refunding bond proceeds	-	79,615,000	8,780,000	74,313,571	3,470,000	-	-	-	-	-
Premium on bond issued	-	8,951,301	-	6,353,565	183,890	-	-	-	-	-
Total other financing sources (uses)	2,121,373	88,566,301	(10,692,833)	(4,530,258)	963,320	-	1,098,632	418,452	-	-
Net change in fund balances	\$ (44,519,119)	\$ 79,612,654	\$ (7,344,595)	\$ (3,525,895)	\$ 1,668,004	\$ (2,109,929)	\$ 3,926,270	\$ 2,712,524	\$ (1,051,492)	\$ (4,399,500)
Debt services as a percentage of noncapital expenditures	9.9%	11.3%	9.1%	12.1%	12.9%	13.9%	14.7%	14.3%	13.8%	13.8%

Source: District Financial Records

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

										Assessment Rates	
Assessment	Collection	Residential Property	Commercial Property	Industrial, Agricultural, And Natural Resources	State Assessed, Vacant Land, and Other	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a		
Year	Year								Percentage of Actual Value	Residential	All others
2017	2018	573,363,440	185,587,750	12,520,430	69,103,130	840,574,750	43.648	8,727,717,738	9.63%	7.20%	29.00%
2016	2017	543,363,800	160,323,070	12,986,880	65,498,680	782,172,430	44.417	7,652,257,611	10.22%	7.96%	29.00%
2015	2016	518,510,430	157,253,610	11,800,340	64,408,090	751,972,470	44.635	7,318,389,792	10.28%	7.96%	29.00%
2014	2015	462,675,840	152,800,100	11,201,630	63,046,990	689,724,560	45.796	6,594,766,136	10.46%	7.96%	29.00%
2013	2014	442,234,860	147,150,700	11,405,580	63,806,180	664,597,320	45.617	6,321,813,966	10.51%	7.96%	29.00%
2012	2013	442,006,450	147,353,840	10,877,810	63,479,710	663,717,810	45.585	6,317,740,713	10.51%	7.96%	29.00%
2011	2012	432,478,460	147,318,740	11,351,400	67,345,580	658,494,180	45.842	6,212,889,184	10.60%	7.96%	29.00%
2010	2011	461,396,340	154,956,330	12,102,310	75,483,300	703,938,280	45.792	6,632,924,756	10.61%	7.96%	29.00%
2009	2010	453,376,890	154,508,260	12,519,520	79,205,910	699,610,580	45.572	6,544,920,650	10.69%	7.96%	29.00%
2008	2009	431,314,820	132,287,440	12,953,120	79,969,530	656,524,910	45.674	6,195,485,589	10.60%	7.96%	29.00%

Source: El Paso County Treasurer's office

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

Taxing Authority	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
El Paso County School District 49										
General Fund	24.459	24.459	24.459	24.459	24.459	24.459	24.459	24.459	24.459	24.459
Mill Levy Override	19.081	13.756	9.800	9.800	9.800	9.800	9.800	9.800	9.800	9.800
Abatement ⁽¹⁾	0.108	0.222	0.217	0.325	0.146	0.114	0.371	0.321	0.101	0.203
Bond Fund	0	5.98	10.159	11.212	11.212	11.212	11.212	11.212	11.212	11.212
Total for El Paso Count School District 49	43.648	44.417	44.635	45.796	45.617	45.585	45.842	45.792	45.572	45.674
City Of Colorado Springs	4.279	4.279	4.279	4.279	4.279	4.279	4.279	4.279	4.944	4.944
El Paso County	7.965	7.919	7.791	7.714	7.663	7.762	7.882	7.531	7.748	7.514
Fire Districts										
Black Forest	10.114	10.178	10.237	10.356	10.382	10.379	10.406	6.275	6.322	6.444
Cimarron Hills	16.200	15.286	15.286	15.290	14.390	11.390	12.150	11.110	11.110	11.082
Falcon	8.612	8.612	8.612	8.612	8.612	8.612	8.612	5.712	5.712	5.712
Elbert	8.500	8.500	8.500	4.575	4.575	4.575	4.575	4.575	4.575	4.575
Ellicott	9.515	9.850	9.760	10.220	10.290	10.168	9.999	9.319	9.374	9.116
Water Districts										
Up Blk Sqrl GW	1.065	1.063	1.057	1.082	1.082	1.082	1.082	1.082	0.682	0.682
Sanitation water districts										
Westmoor SWD	36.953	36.836	34.943	41.288	34.956	37.471	35.508	30.986	29.055	33.07
Special Districts										
Barnes & Pow N BID	50.000	50.000	50.000	47.000	45.000	43.000	41.000	36.000	41.000	51.000
Barnes & Pow S BID	21.000	21.000	21.000	21.000	21.000	21.000	21.000	21.000	28.336	28.336
EPC PID #2	10.000	10.000	10.000	10.000	10.000	-	-	-	-	-
First & Main BID	51.000	51.000	51.000	51.000	51.000	51.000	51.000	51.000	51.000	51.000
First & Main BID #2	51.000	51.000	51.000	51.000	51.000	51.000	51.000	51.000	51.000	51.000
First & Main North BID	51.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000
Stetson Hills SIMD	3.858	3.858	3.858	3.858	3.858	3.858	3.858	3.858	3.858	3.858
Metropolitan Districts										
4-Way Ranch #1	48.694	60.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000
Banning Lewis Ranch #2	49.749	45.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000
Banning Lewis Ranch #3	55.277	50.000	50.000	50.000	50.000	-	-	-	-	-
Banning Lewis Ranch #4	55.277	-	-	-	-	-	-	-	-	-
Banning Lewis Ranch Reg	11.055	10.000	10.000	10.000	10.000	10.000	10.000	-	-	-
Bent Grass	36.149	35.000	35.000	30.000	30.000	10.000	10.000	40.000	40.000	40.000
Bobcat Meadows	12.636	11.430	11.430	11.430	11.430	11.430	11.430	11.430	11.430	11.464
Central Marksheffel	33.164	30.000	30.000	30.000	40.000	40.000	40.000	40.000	40.000	40.000
Constitution Heights MD	27.637	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000
Dublin North #2	44.138	40.000	40.000	40.000	40.000	40.000				
Falcon Highlands	39.720	35.000	35.000	35.000	35.000	35.216	35.000	35.000	35.000	35.000
Latigo Creek	5.500	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	40.000
Meridian Ranch	27.498	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000
Paintbrush Hills	19.813	18.063	22.107	22.107	22.107	22.107	22.107	22.107	22.408	22.408
Paintbrush Hills Sub A	40.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Sterling Ranch #1	55.275	50.000	50.000	-	-	-	-	-	-	-
Sterling Ranch #2	55.275	50.000	50.000	60.000	-	-	-	-	-	-
Sterling Ranch #3	50.000	50.000	50.000	60.000	-	-	-	-	-	-
Stetson Ridge #2	27.008	24.472	24.472	24.472	24.472	24.472	24.472	24.472	24.472	32.114
Stetson Ridge #3	37.894	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000
Woodmen Heights #2	44.220	40.000	42.000	42.000	42.000	42.000	40.000	40.000	40.000	40.000
Woodmen Heights #3	40.000	40.000	42.000	42.000	42.000	42.000	40.000	40.000	40.000	40.000
Woodmen Road	11.599	10.800	10.800	10.800	10.800	10.800	10.800	10.800	10.800	10.800

Source: El Paso County Abstract of Assessments

Notes:

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

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

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

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
Principal Property Taxpayers
Current Year

	2018		
	Assessed Valuation	Rank	% of Total Valuation
Cellco Partnership (f/k/a Verizon Wireless)	94,390,140	1	1.87%
Century Link	69,410,900	2	1.37%
Wal-Mart Real Estate	52,197,790	3	1.03%
Broadmoor Hotel Inc.	36,252,370	4	0.72%
CV Patriot Springs	31,639,320	5	0.63%
DPiX	25,695,810	6	0.51%
Palmer Center LTD	15,621,370	7	0.31%
Progressisive Insurance Corp	12,820,450	8	0.25%
Great Wolf Lodge	12,112,330	9	0.24%
SCMC LLC	11,528,730	10	0.23%
Totals	\$361,669,210		7.16%
Total Assessed Valuation	\$7,445,701,460		

Source: El Paso County Assessor's Office

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

Assessment Year	Collection Year	Collected within the Calendar Year of the Levy			Collections in Subsequent Years	Total Collection to Date	
		Current Tax Levy	Amount	Percentage of Levy		Amount	Percentage of Levy
2017	2018	\$ 37,335,809	\$ 35,971,347	96.3%	\$ (20,744)	\$ 35,950,604	96.3%
2016	2017	34,783,165	34,480,628	99.1%	24,214	34,504,843	99.2%
2015	2016	33,564,299	33,496,436	99.8%	(121,885)	33,374,551	99.4%
2014	2015	31,586,636	31,467,474	99.6%	(1,404)	31,466,070	99.6%
2013	2014	30,316,945	30,226,286	99.7%	(88,023)	30,138,263	99.4%
2012	2013	30,255,576	30,209,654	99.8%	(45,554)	30,164,100	99.7%
2011	2012	30,186,698	30,111,476	99.8%	9,213	30,120,689	99.8%
2010	2011	32,234,742	32,114,254	99.6%	9,213	32,123,467	99.7%
2009	2010	31,882,655	31,621,374	99.2%	10,499	31,631,873	99.2%
2008	2009	29,986,124	29,861,565	99.6%	44,120	29,905,686	99.7%

Source: El Paso Country Treasurer's Office

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

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Assessed valuation	840,574,750	783,104,780	751,972,470	689,724,560	664,597,320	663,717,810	658,494,180	703,938,280	699,610,580	656,524,910
Debt Limit	168,114,950	156,620,956	150,394,494	137,944,912	132,919,464	132,743,562	131,698,836	140,787,656	139,922,116	131,304,982
Total net debt applicable to limit	-	4,960,000	12,305,000	26,020,000	31,300,002	36,430,000	41,085,000	45,085,000	47,935,000	50,630,000
Legal debt margin	168,114,950	151,660,956	138,089,494	111,924,912	101,619,462	96,313,562	90,613,836	95,702,656	91,987,116	80,674,982
Total net debt applicable to the limit as a percentage of debt limit	0.00%	3.17%	8.18%	18.86%	23.55%	27.44%	31.20%	32.02%	34.26%	38.56%

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

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

Assessment Year	Collection Year	Estimated Actual Taxable Value	General Bonded Debt	Ratio of General Bonded Debt to Estimated Actual Taxable Value	Population	Net Bonded Debt per Capita	
2017	2018	8,727,717,738	-	0.00%	83,090	-	1.87%
2016	2017	7,652,257,611	4,960,000	0.06%	81,566	61	1.50%
2015	2016	7,318,389,792	12,305,000	0.17%	80,360	153	1.50%
2014	2015	6,594,766,136	26,020,000	0.39%	79,173	329	-1.04%
2013	2014	6,321,813,966	31,300,002	0.50%	80,008	391	3.90%
2012	2013	6,317,740,713	36,430,000	0.58%	77,006	473	5.55%
2011	2012	6,212,889,184	41,085,000	0.66%	72,955	563	-10.89%
2010	2011	6,632,924,756	45,085,000	0.68%	81,868	551	8.41%
2009	2010	6,544,920,650	47,935,000	0.73%	75,517	635	0.26%
2008	2009	6,195,485,589	50,630,000	0.82%	75,323	672	8.98%

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

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

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

Fiscal Year	Annual Debt Service Expenditures for General Bonded Debt	Total General Fund Expenditures	Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures
2018	4,960,000	113,802,929	4.4%
2017	5,412,698	115,478,060	4.7%
2016	4,787,504	107,098,324	4.5%
2015	6,593,584	102,261,369	6.4%
2014	6,616,242	92,931,241	7.1%
2013	6,571,172	91,726,364	7.2%
2012	6,513,976	85,058,389	7.7%
2011	6,466,879	89,249,494	7.2%
2010	6,387,174	89,626,080	7.1%
2009	6,276,634	97,308,429	6.5%

Source: District Financial Records

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

Fiscal Year	General Obligation Bonds	Certificates of Participation	Capital Leases	Total Primary Government	Population	Per Capita	Aggregate Income	Percentage of Aggregate Income	Funded Pupil Count	Total Debt per Pupil
2018	-	144,515,000	5,711,235	150,226,235	83,090	1,808	2,522,701,391	5.95%	22,501	6,676
2017	4,960,000	146,255,000	3,826,291	155,041,291	81,566	1,901	2,482,973,810	6.24%	21,744	7,130
2016	12,305,000	68,345,000	4,049,924	84,699,924	80,360	1,054	2,443,871,861	3.47%	21,839	3,878
2015	26,020,000	70,575,000	4,521,429	101,116,429	79,173	1,277	2,405,385,690	4.20%	20,223	5,000
2014	31,300,002	79,945,000	1,751,960	112,996,962	78,003	1,449	2,367,505,600	4.77%	18,279	6,182
2013	36,430,000	82,170,000	2,341,188	120,941,188	76,850	1,574	2,347,809,100	5.15%	14,573	8,299
2012	41,085,000	84,215,000	3,333,903	128,633,903	75,714	1,699	2,086,545,800	6.16%	14,284	9,006
2011	45,085,000	86,090,000	2,791,410	133,966,410	74,595	1,796	2,281,557,700	5.87%	14,028	9,550
2010	47,935,000	87,835,000	4,056,903	139,826,903	73,493	1,903	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

Source: Department of Local Affairs, 2010 Census

Note: The population and aggregate income numbers for 2011 and beyond estimated based on prior years growth

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
Estimation of Direct and Overlapping Debt
As of June 30, 2018

Direct Debt:	2017 Assessed Valuation	Entity's Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
El Paso County School District 49	840,574,750	0	100.00%	-
Overlapping Debt:				
Colorado			0.13%	
City Of Colorado Springs	5,414,794,380	61,897,000	13.17%	8,153,422
El Paso County	7,445,701,460	149,218,059	6.18%	9,216,667
Fire Districts				
Black Forest	160,084,190	1,109,888	8.08%	89,678
Cimarron Hills	135,825,570	-	49.56%	-
Falcon	362,612,220	-	81.27%	-
Elbert	6,088,090	-	19.74%	-
Ellicott	27,668,860	-	0.24%	-
Water Districts				
Up Blk Sqrll GW	294,662,390	-	20.08%	-
Sanitation water districts				
Westmoor SWD	62,350	-	100.00%	-
Special Districts				
Barnes & Pow N BID	6,776,580	3,666,657	100.00%	3,666,657
Barnes & Pow S BID	4,387,360	530,000	100.00%	530,000
EPC PID #2	29,045,580	-	43.05%	-
First & Main BID	3,338,610	1,451,738	100.00%	1,451,738
First & Main BID #2	11,341,630	24,674,935	100.00%	24,674,935
First & Main North BID	3,974,810	1,902,334	100.00%	1,902,334
Stetson Hills SIMD	73,508,450	-	100.00%	-
Metropolitan Districts				
4-Way Ranch #1	1,732,890	2,975,000	100.00%	2,975,000
Ban Lewis Ranch #1	n/a		100.00%	
Ban Lewis Ranch #2	19,807,480	10,920,000	100.00%	10,920,000
Ban Lewis Ranch #3	11,484,000	8,455,000	100.00%	8,455,000
Ban Lewis Ranch #4	n/a		100.00%	
Ban Lewis Ranch #5	n/a		47.50%	
Ban Lewis Ranch #7	n/a		49.39%	
Ban Lewis Ranch Reg	34,927,350	-	45.71%	-
Bent Grass	3,276,640	800,000	100.00%	800,000
Bobcat Meadows	2,822,380	-	100.00%	-
Central Marksheffel	29,864,250	11,880,000	82.01%	9,742,357
Constitution Heights MD	10,508,500	4,330,000	100.00%	4,330,000
Dublin North #1	n/a		100.00%	
Dublin North #2	5,007,010	4,415,916	100.00%	4,415,916
Dublin North #3	518,600		100.00%	
Falcon Highlands	19,104,790	19,461,507	100.00%	19,461,507
Latigo Creek	690,800	-	100.00%	-
Meridian Ranch	51,952,220	41,995,000	100.00%	41,995,000
Mountain Vista	3,540		100.00%	
Paintbrush Hills	19,105,130	-	100.00%	-
Paintbrush Hills Sub A	953,220	-	100.00%	-
Sterling Ranch #1	8,500	-	100.00%	-
Sterling Ranch #2	211,410	9,062,406	55.49%	5,028,706
Sterling Ranch #3	17,670	-	49.45%	-
Stetson Ridge #1	n/a		100.00%	
Stetson Ridge #2	32,778,120	1,740,000	100.00%	1,740,000
Stetson Ridge #3	8,576,650	4,990,000	100.00%	4,990,000
Woodmen Heights #1	n/a		100.00%	
Woodmen Heights #2	36,806,160	-	78.59%	-
Woodmen Heights #3	215,490	-	82.54%	-
Woodmen Road	157,773,380	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 COLORADO SCHOOL DISTRICT 49
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Total Personal Income	Per Capital Personal Income	School Enrollment	Unemployment rate Colorado Springs
2018	83,090	2,522,701,391	30,361	22,501	3.2%
2017	81,566	2,482,973,810	30,441	21,744	3.0%
2016	80,360	2,443,871,861	30,411	20,561	3.9%
2015	79,173	2,405,385,690	30,381	19,552	4.1%
2014	78,003	2,367,505,600	29,591	18,880	4.5%
2013	76,850	2,347,809,100	30,489	15,478	7.1%
2012	75,714	2,086,545,800	28,600	15,063	8.8%
2011	74,595	2,281,557,700	27,869	14,708	10.4%
2010	73,493	2,091,957,100	27,702	14,398	6.7%
2009	75,323	2,058,004,400	27,322	13,616	6.7%

Source: Department of Local Affairs, District records

Note: The population and aggregate income numbers for 2015-2018 are estimated based on prior years growth.

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

Employer	Rank	<u>2017</u>	Rank	<u>2008</u>
		Percentage of Total County Employment		Percentage of Total County Employment
Fort Carson Army Post	1	11.1%	1	9.40%
Peterson Air Force Base	2	3.6%	4	2.20%
United States Air Force Academy	3	3.2%	2	2.60%
Schriever Air Force Base ²	4	2.5%	3	2.40%
UC Health Memorial Health System	5	2.3%	5	1.90%
School District 11 Colorado Springs	6	1.4%	6	1.50%
School District 20 Air Academy	7	1.2%	8	1.10%
El Paso County	8	0.9%	10	0.90%
Penrose-St. Francis Health Services	9	0.8%	7	1.20%
City of Colorado Springs ¹	10	0.8%	9	1.00%

Source: https://coloradosprings.gov/sites/default/files/2015_final_cafr.pdf p.263

2017 is the most current CAFR available from City of Colorado Springs, the City's Fiscal Year is from January to December.

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

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Classroom Instruction	791	757	933	920	914	817	787	818	850	719
Teaching Assistants	192	225	300	251	209	119	149	190	229	193
General Office Support	78	79	102	100	113	96	77	76	76	78
Instructional Support	70	79	75	72	60	53	51	65	60	57
Facility Workers	76	49	66	69	69	64	61	84	79	104
Other Assistants	65	69	61	79	64	82	56	47	41	73
Man.Dir.Sup. Coord.	10	10	60	39	24	8	8	14	15	28
Principals/Asst/Assoc	44	43	53	50	64	48	42	45	50	42
Bus Drivers	59	64	47	49	46	47	44	51	53	80
Other Paraprofessionals	41	36	41	43	64	41	13	11	11	32
Special Service Providers	41	43	41	42	34	33	30	40	42	35
Food Services	18	58	35	39	46	42	43	44	36	57
Professionals Support	45	41	33	17	16	14	11	20	18	12
Foreman/Lead Workers	27	40	29	31	33	33	37	38	38	33
Coord./Supr.	14	12	18	13	11	8	6	6	7	8
Office Manager/Supervisor	14	10	18	36	31	12	14	15	16	10
Security	17	20	11	12	12	12	10	12	12	10
Supt/Asst Supt/BOCES Director	8	8	9	9	9	6	6	3	3	2
Computer Technology	6	6	6	4	12	5	9	14	12	13
Vehicle Drivers/Workers	4	4	4	4	3	4	5	5	5	5
Total	1,621	1,653	1,942	1,879	1,834	1,543	1,459	1,598	1,653	1,591

Source: District Financial Records

*2017 & 2018 Data does not contain Charter School information

2008-2009 data does not include Charter school information

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Elementary Schools</u>										
Falcon (1982)										
Building Square feet	38,561	38,561	38,561	38,561	38,561	38,561	38,561	38,561	38,561	38,561
Modular Square feet	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640
Core Capacity (building)	425	425	425	425	425	425	425	425	425	425
Total Capacity (w/modulars)	575	575	575	575	575	575	575	575	575	575
Enrollment	328	321	319	317	324	319	341	339	326	368
Meridian Ranch (2003)										
Building Square feet	58,318	55,731	55,731	55,731	55,731	55,731	55,731	55,731	55,731	55,731
Modular Square feet	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440
Core Capacity (building)	650	650	650	650	650	650	650	650	650	650
Total Capacity (w/modulars)	700	700	700	700	700	700	700	700	700	700
Enrollment	788	740	727	748	698	638	607	595	595	628
Woodmen Hills (2000)										
Building Square feet	56,100	51,603	51,603	51,603	51,603	51,603	51,603	51,603	51,603	51,603
Modular Square feet	11,039	11,039	11,039	11,039	11,039	11,039	11,039	11,039	11,039	11,039
Core Capacity (building)	600	600	600	600	600	600	600	600	600	600
Total Capacity (w/modulars)	900	900	900	900	900	900	900	900	900	900
Enrollment	799	803	738	744	743	729	714	727	726	748
Evans (1976)										
Building Square feet	53,148	53,101	53,101	53,101	53,101	53,101	53,101	53,101	53,101	53,101
Modular Square feet	11,296	11,296	11,296	11,296	11,296	11,296	7,760	7,760	7,760	7,760
Core Capacity (building)	550	550	550	550	550	550	550	550	550	550
Total Capacity (w/modulars)	850	850	850	850	850	850	825	825	825	825
Enrollment	670	721	684	678	666	722	679	652	666	650
Remington (1997)										
Building Square feet	51,311	49,784	49,784	49,784	49,784	49,784	49,784	49,784	49,784	49,784
Modular Square feet	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880
Core Capacity (building)	600	600	600	600	600	600	600	600	600	600
Total Capacity (w/modulars)	700	700	700	700	700	700	700	700	700	700
Enrollment	611	561	580	565	571	560	593	624	586	538
Springs Ranch (2002)										
Building Square feet	55,295	56,914	56,914	56,914	56,914	56,914	56,914	56,914	56,914	56,914
Modular Square feet	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880
Core Capacity (building)	650	650	650	650	650	650	650	650	650	650
Total Capacity (w/modular)	750	750	750	750	750	750	750	750	750	750
Enrollment	553	591	573	592	654	666	702	676	663	625
Ridgeview (2002)										
Building Square feet	57,362	57,362	57,362	57,362	57,362	57,362	57,362	57,362	57,362	57,362
Modular Square feet	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760
Core Capacity (building)	600	600	600	600	600	600	600	600	600	600
Total Capacity (w/modulars)	800	800	800	800	800	800	800	800	800	800
Enrollment	949	802	760	916	720	692	701	684	718	735
Stetson Elementary (1987)										
Building Square feet	48,965	50,223	50,223	50,223	50,223	50,223	50,223	50,223	50,223	50,223
Modular Square feet	12,120	12,120	12,120	12,120	12,120	12,120	12,120	12,120	12,120	12,120

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Core Capacity (building)	575	525	525	525	525	525	525	525	525	525
Total Capacity (w/modulars)	925	875	875	875	875	875	875	875	875	875
Enrollment	557	527	568	619	613	625	624	630	680	733
Odyssey Elementary/ALLIES (2006)										
Building Square feet	48,965	44,505	44,505	44,505	44,505	44,505	44,505	44,505	44,505	44,505
Modular Square feet	12,120	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760
Core Capacity (building)	575	450	450	450	450	450	450	450	450	450
Total Capacity (w/modulars)	925	650	650	650	650	650	650	650	650	650
Enrollment	561	538	550	579	572	571	564	544	548	573
Middle Schools										
Falcon Middle (1976)										
Building Square feet	128,760	92,421	92,421	92,421	92,421	92,421	92,421	92,421	92,421	92,421
Modular Square feet	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	4,200
Core Capacity (building)	900	800	800	800	800	800	800	800	800	800
Total Capacity (w/modulars)	1,100	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	983	978	907	934	902	918	911	908	903	942
Horizon Middle (1985)										
Building Square feet	67,230	66,380	66,380	66,380	66,380	66,380	66,380	66,380	66,380	66,380
Modular Square feet	41,905	43,488	43,488	7,200	7,200	7,200	9,500	9,500	9,500	9,500
Core Capacity (building)	625	625	625	625	625	625	625	625	625	625
Total Capacity (w/modulars)	1,175	1,175	1,175	800	800	800	875	875	875	875
Enrollment	746	709	650	626	610	623	615	652	672	662
Skyview Middle (2000)										
Building Square feet	128,953	122,317	122,317	122,317	122,317	122,317	122,317	122,317	122,317	122,317
Modular Square feet	14,760	14,760	14,760	14,760	14,760	14,760	14,760	7,200	7,200	7,200
Core Capacity (building)	900	900	900	900	900	900	900	900	900	900
Total Capacity (w/modulars)	1,350	1,350	1,350	1,350	1,350	1,350	1,150	1,150	1,150	1,150
Enrollment	1,109	1,057	1,127	1,144	1,022	1,028	1,024	1,081	1,178	1,129
High Schools										
Falcon High (2007)										
Building Square feet	192,298	176,352	176,352	176,352	176,352	176,352	176,352	176,352	176,352	176,352
Modular Square feet	-	-	-	-	-	-	-	-	-	-
Core Capacity (building)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total Capacity (w/modulars)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Enrollment	1,207	1,187	1,238	1,275	1,242	1,291	1,239	1,298	1,287	1,236
Sand Creek High (1997)										
Building Square feet	208,776	189,866	189,866	189,866	189,866	189,866	189,866	189,866	189,866	189,866
Modular Square feet	7,200	8,640	8,640	8,640	8,640	11,520	11,520	19,080	18,080	18,080
Core Capacity (building)	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Total Capacity (w/modulars)	1,850	1,900	1,900	1,900	1,900	1,950	2,200	2,200	2,200	2,200
Enrollment	1,205	1,247	1,274	1,245	1,238	1,184	1,175	1,162	1,296	1,535
Vista Ridge High (2008)										
Building Square feet	166,617	166,617	166,617	166,617	166,617	166,617	159,787	159,787	159,787	159,787
Modular Square feet	-	-	-	-	-	-	-	-	-	-
Core Capacity (building)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total Capacity (w/modulars)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Enrollment	1,583	1,482	1,437	1,338	1,230	1,195	1,147	1,105	896	602
Other Buildings										
Springs Studio for Academic Excellence (2012)										
Building Square feet	20,000	20,000	20,000	20,000	20,000	20,000	7,000	7,000		
Total Capacity	600	600	600	600	600	600	225	225	-	-
Enrollment	485	489	521	515	966	421	362	105	-	-
Patriot High School (1952)										
Building Square feet (plus butler & art)	36,750	41,929	41,929	41,929	41,929	41,929	41,929	41,929	41,929	41,929
Modular Square feet	6,330	4,812	10,572	10,572	10,572	10,572	10,572	10,572	10,572	10,572
Core Capacity (building)	425	125	125	125	125	125	125	125	125	125
Total Capacity (w/modulars)	525	325	325	325	325	325	325	325	325	325
Enrollment	104	120	201	258	249	244	233	220	200	187
Administration Buildings										
Central Office (1981)										
Building Square feet	6,134	6,134	6,134	6,134	6,134	6,134	6,134	6,134	6,134	6,134
Modular Square feet	7,212	7,212	7,212	7,212	7,884	8,076	8,076	8,076	8,076	8,076
Transportation/Nutrition Services (2002)										
Building Square feet	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800
Modular Square feet	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440
Mohawk Building (2001)										
Building Square feet (plus butler & art)	7,000	7,000	7,000	7,000	7,000	7,000				
Core Capacity (building)	225	225	225	225	225	225				
Total Capacity	225	225	225	225	225	225				
Creekside Success Center* (2015)										
Building Square feet	35,806	35,806	35,806							
Chartered Schools										
Pikes Peak School of Expeditionary Learning (2008)										
Building Square feet	28,967	28,967	28,967	28,967	28,967	28,967	28,967	28,967	28,967	28,967
Core Capacity (building)	475	475	475	475	475	475	475	475	475	475
Total Capacity	475	475	475	475	475	475	475	475	475	475
Enrollment	413	415	439	408	384	397	396	383	345	248
Banning Lewis Ranch Academy (2008)										
Building Square feet	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000
Modular Square feet	1,440	1,440	1,440	1,440	1,440	1,440	1,440	-	-	-
Core Capacity (building)	675	675	675	675	675	675	675	675	675	675
Total Capacity (w/modulars)	725	725	725	725	725	725	725	-	-	-
Enrollment	1,248	809	752	749	750	737	742	712	697	601
Imagine Classical Academy (2010)										
Building Square feet	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	-	-
Modular Square feet	1,440	1,440	1,440	1,440	-	-	-	-	20,160	20,160
Core Capacity (building)	800	800	800	800	800	800	800	800	350	350
Total Capacity (w/modulars)	850	850	850	850	800	800	800	800	350	350
Enrollment	747	796	773	743	831	858	802	687	592	197
Rocky Mountain Classical Academy (2015)										
Building Square feet	93,000	93,000	93,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Core Capacity (building)	1,200	1,200	1,200	475	475	475	475	475	475	475
Total Capacity	1,200	1,200	1,200	1,075	1,075	1,075	1,075	1,075	1,075	1,075
Enrollment	1,613	1,612	1,467	1,300	746	675	892	924	824	679
GOAL Academy**										
Building Square feet	185,278	185,278	185,278	-	-	-	-	-	-	-
Capacity (students)	N/A	N/A	N/A	-	-	-	-	-	-	-
Enrollment	3,811	3,755	4,070	3,259	3,149	-	-	-	-	-
Power Technical Early College*** (2016)										
Building Square feet	n/a	n/a	-	-	-	-	-	-	-	-
Total Capacity	n/a	n/a	-	-	-	-	-	-	-	-
Enrollment	240	160	-	-	-	-	-	-	-	-
Total Student Population	21,310	20,420	20,355	19,552	18,880	15,093	15,063	14,708	14,398	13,616

*The Creekside building was built in 2015

** 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.

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

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

Governmental Activities	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction	194,276,634	213,368,856	211,624,573	210,439,589	206,271,659	205,341,762	201,779,181	197,631,047	196,365,203	196,984,706
General Administration	8,357,466	14,679,803	12,593,392	12,313,675	8,622,325	7,121,798	7,021,798	6,950,027	6,778,232	5,802,432
Operation and Maintenance	684,818	557,283	464,480	326,569	276,762	91,930	48,394	48,394	48,394	48,394
Student Transportation	8,168,967	9,433,502	8,773,770	8,249,302	7,694,696	7,424,696	7,424,696	7,371,620	6,761,030	6,517,820
Technology	98,416	1,916,705	1,916,705	1,916,705	1,916,705	1,916,705	1,879,589	1,879,589	1,838,890	852,318
Business	38,942	45,229	45,229	45,229	45,229	45,229	45,229	45,229	45,229	12,589
Business-type Activities										
Food Service	-	-	-	-	1,101,957	1,101,956	1,101,956	1,101,956	1,070,696	1,043,007
Total	211,625,243	240,001,378	235,418,150	233,291,069	225,929,333	223,044,076	219,300,843	215,027,862	212,907,674	211,261,265

Source: District Financial Records

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Primary Government Expenses	\$ 239,143,234	\$ 212,866,460	\$ 140,398,047	\$ 132,358,799	\$ 115,174,821	\$ 108,441,190	\$ 95,914,797	\$ 103,533,372	\$ 106,550,684	\$ 112,004,016
Enrollment, Oct 1 count	21,310	20,420	20,355	19,552	18,880	15,093	15,063	14,708	14,398	13,616
Funded Pupil Count (FPC)	22,501.0	21,744.0	21,839.3	20,222.5	18,279.3	14,572.9	14,283.7	14,027.8	13,698.0	12,984.3
Cost per FPC	10,628.12	9,789.66	6,428.69	6,545.13	6,300.83	7,441.29	6,714.98	7,380.59	7,778.56	8,626.11
Per Pupil Funding After Negative Factor	\$ 7,051.42	\$ 7,075.60	\$ 6,977.57	\$ 6,688.52	\$ 6,303.45	\$ 6,139.43	\$ 6,137.57	\$ 6,202.47	\$ 6,872.52	\$ 6,529.78
Students Qualified for Federal Assistance:										
Free Lunch Program	3,327	3,445	5,560	4,961	4,267	2,316	2,145	1,813	1,827	1,314
Reduced Lunch Program	950	951	1,556	1,345	1,404	959	1,027	909	887	974
SAT/ACT Average Composite score*										
Springs Studio for Academic Excellence**	n/a	1465.7	19.6	19.1	19.9	21.0	-	-	-	-
Falcon HS	959.2	992.7	20.2	20.1	19.9	20.0	19.9	20.0	20.4	19.5
Sand Creek HS	971.8	976.8	19.8	19.4	19.8	19.9	18.6	18.7	19.0	18.6
Vista Ridge HS	995.9	982.2	20.3	19.6	18.8	19.1	19.2	19.2	19.8	-
Patriot High School***	n/a	706.6	15.4	14.7	16.3	16.7	15.8	15.0	15.7	15.3
Goal Academy	830.9	827.9	15.4	16.1	16.3	-	-	-	-	-
Colorado Average	976.1	1014.3	20.4	20.1	20.3	20.1	20.0	19.9	19.4	19.6
Graduation Rates										
Springs Studio for Academic Excellence**	79.4%	88.1%	94.0%	93.8%	94.5%	92.3%	85.7%	66.7%	-	-
Falcon High School	86.5%	89.3%	98.3%	95.3%	98.5%	94.4%	92.6%	94.7%	88.8%	84.7%
Goal Academy	34.8%	40.5%	47.1%	46.7%	51.1%	-	-	-	-	-
Patriot High School***	57.1%	62.1%	55.4%	62.1%	74.5%	64.1%	62.4%	55.4%	56.2%	50.0%
Pikes Peak Early College	34.5%	25.0%	44.4%	-	-	-	-	-	-	-
Rocky Mountain Classical Academy	25.0%	-	-	-	-	-	-	-	-	-
Sand Creek High School	87.2%	81.8%	91.0%	93.7%	95.5%	88.7%	91.4%	86.6%	86.2%	80.8%
Vista Ridge High School	89.5%	88.5%	92.9%	94.3%	95.8%	94.6%	95.3%	87.1%	-	-
CO state	80.7%	79.0%	79.8%	77.3%	77.3%	76.9%	75.4%	7.9%	7240.0%	74.6%

COMPLIANCE SECTION

SINGLE AUDIT

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
<i>Child Nutrition Cluster</i>				
Passed Through Colorado Department of Education				
School Breakfast Program	10.553	4553	\$ -	\$ 217,951
National School Lunch Program	10.555	4555		1,598,010
Summer Food Service Program for Children	10.559	4559		6,754
Passed Through Colorado Department of Human Services				
National School Lunch Program	10.555	4555		324,610
<i>Total Child Nutrition Cluster</i>				<u>2,147,325</u>
Total U.S. Department of Agriculture				<u>2,147,325</u>
U.S. Department of Defense				
Direct Programs				
Reserve Officer Training Corps (ROTC)	12.Unknown			273,086
Promoting K-12 Student Achievement at Military- Connected Schools	12.556			341,417
Total Department of Defense				<u>614,503</u>
U.S. Department of Education				
Direct Programs				
Impact Aid	84.041		164,361	<u>364,307</u>
Passed Through Colorado Department of Education				
<i>Special Education Cluster</i>				
Special Education: Grants to States IDEA Part B	84.027	4027, 5027		2,813,027
Special Education: Preschool Grants	84.173	4173		25,948
<i>Total SPED Cluster</i>				<u>2,838,975</u>
No Child Left Behind, Title I, Part A	84.010	4010		1,201,345
Charter Schools	84.282	5282		213,740
English Language Learners, Title III, Part A	84.365	4365, 7365		62,574
Quality Teacher, Title II, Part A	84.367	4367		182,960
Race to the Top	84.412	5412		10,925
Student Support and Academic Enrichment Program	84.424A	4424		22,301
Passed through Colorado Community College System				
Vocational Education - Carl Perkins	84.048	4048		68,744
Total U.S. Department of Education			<u>164,361</u>	<u>4,965,871</u>
Total Federal Awards			<u>\$ 164,361</u>	<u>\$ 7,727,699</u>

See the accompanying independent auditors' report.

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of El Paso County Colorado School District 49 under programs of the federal government for the year ended June 30, 2018. 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 Colorado 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 Colorado School District 49.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

NOTE 3 – INDIRECT COST RATE

El Paso County Colorado 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, 2018, El Paso County Colorado School District 49 received \$324,610 in non-cash assistance in the form of food commodities. Commodities are valued at current market value at the time of receipt.



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

To the Board of Education
El Paso County Colorado School District 49

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of El Paso County Colorado School District 49, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise El Paso County Colorado School District 49's basic financial statements, and have issued our report thereon dated February 1, 2019. The financial statements of the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered El Paso County Colorado 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 Colorado School District 49's internal control. Accordingly, we do not express an opinion on the effectiveness of El Paso County Colorado School District 49's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether El Paso County Colorado 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
February 1, 2019



**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 Colorado School District 49

Report on Compliance for Each Major Federal Program

We have audited El Paso County Colorado 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 Colorado School District 49's major federal programs for the year ended June 30, 2018. El Paso County Colorado 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 Colorado 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 Colorado 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 Colorado School District 49's compliance.

Opinion on Each Major Federal Program

In our opinion, El Paso County Colorado 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, 2018.

Report on Internal Control Over Compliance

Management of El Paso County Colorado 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 Colorado 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 Colorado School District 49's internal control over compliance.

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

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

Purpose of this Report

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

Hoelting & Company Inc.

Colorado Springs, Colorado
February 1, 2019

EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes x no
- Significant deficiency(ies) identified? ___ yes x none reported

Noncompliance material to financial statements noted? ___ yes x no

Federal Awards

Internal control over major programs?

- Material weakness(es) identified? ___ yes x no
- Significant deficiency(ies) identified? ___ yes x 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 x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	---

CFDA 10.553, 10.555, and 10.559	Child Nutrition Cluster
---------------------------------	-------------------------

Dollar threshold used to distinguish between type A and type B programs?	\$750,000
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Auditee qualified as low-risk auditee? x yes ___ no

**EL PASO COUNTY COLORADO SCHOOL DISTRICT 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

Section II—Financial Statement Findings

No findings reported.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.

**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 Colorado School District 49

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of El Paso County Colorado School District 49, as of and for the year ended June 30, 2018, which collectively comprise El Paso County Colorado School District 49's basic financial statements, and our report thereon dated February 1, 2019, which expressed an unmodified opinion on those financial statements, appears as listed in the table of contents.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso County Colorado 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
February 1, 2019



Colorado Department of Education
Auditors Integrity Report
District: 1110 - DISTRICT 49
Fiscal Year 2017-18
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	23,695,759	109,347,022	111,194,938	21,847,843
18 Risk Mgmt Sub-Fund of General Fund	1,138,775	1,168,514	1,832,440	474,849
19 Colorado Preschool Program Fund	81,158	471,822	477,896	75,083
Sub- Total	24,915,692	110,987,357	113,505,275	22,397,775
11 Charter School Fund	23,337,313	62,507,133	60,631,865	25,212,581
20,26-29 Special Revenue Fund	58,246	1,347,471	1,405,717	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	1,267,422	3,946,630	3,960,940	1,253,113
22 Govt Designated-Purpose Grants Fund	0	6,301,019	6,301,019	0
23 Pupil Activity Special Revenue Fund	359,443	1,125,914	1,063,945	421,412
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	1,442,127	1,442,127	0
31 Bond Redemption Fund	5,084,704	-87,382	4,997,322	0
39 Certificate of Participation (COP) Debt Service Fund	0	15,867,376	8,298,592	7,568,784
41 Building Fund	78,087,302	22,685	44,861,470	33,248,517
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	716,114	715,790	351,699	1,080,205
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	133,826,236	204,176,121	246,819,970	91,182,387
Proprietary				
50 Other Enterprise Funds	-3,497,804	473,776	2,808,301	-5,832,329
64 (63) Risk-Related Activity Fund	1,521,077	2,842,978	3,410,145	953,910
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	-1,976,727	3,316,753	6,218,446	-4,878,419
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	5,668	54	1,000	4,722
74 Pupil Activity Agency Fund	738,780	1,834,106	1,700,416	872,470
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	744,449	1,834,160	1,701,416	877,192

FINAL

