

Eagle County School District RE50J **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



For the Fiscal Year **ENDED JUNE 30, 2017**

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EAGLE COUNTY SCHOOL DISTRICT RE50J

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017
County of Eagle
State of Colorado

Jason Glass, Ed.D.
Superintendent



Prepared by:
Business Services

Sandra Mutchler, CPA
Chief Operating Officer

EAGLE COUNTY SCHOOLS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2017

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Sandra Mutchler, C.P.A.
Chief Operating Officer
sandra.mutchler@eagleschools.net

February 9, 2018

Members of the Eagle County Schools Community
Members of the Board of Education
Dr. Jason Glass, Superintendent of Schools
Eagle County School District RE50J
Eagle Colorado

It is our pleasure to submit the Comprehensive Annual Financial Report of the Eagle County Schools for the fiscal year ended June 30, 2017.

State law requires that all local governments 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 and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is being formally submitted to the board of education in fulfillment of those requirements.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

The 2017 Comprehensive Annual Financial Report (CAFR) presentation is in compliance with the governmental financial reporting model established by the Governmental Accounting Standards Board (GASB) Statement No. 34 titled *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Accounting and financial reporting for state and local governments previously focused on funds to demonstrate fiscal accountability. The GASB Statement No. 34 reporting model parallels private sector reporting by consolidating fund-based presentations into government-wide financial statements designed to ensure and demonstrate fiscal and operational accountability.

Swanhorst & Company LLC, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Eagle County Schools’ financial statements for the year ended June 30, 2017. The independent auditors’ report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the District

Eagle County Schools (“the district”) is a public school district, organized and existing under the School District Organization Act of 1965, Article 30, Title 22, and Colorado Revised Statutes.

The district was formed in 1958 when 16 independent districts were consolidated into a countywide district encompassing the 1,694 square miles of Eagle County, Colorado. The district is located in western Colorado and in the central Rocky Mountains. Eagle County Schools is empowered to levy a property tax of both real and personal properties located within its boundaries.

A seven member board of education elected by the citizens of Eagle County governs the district. Policy-making and legislative authority are vested in the Board of Education. The Board is responsible, among other things, for adopting policies, appointing committees, adopting the budget, and hiring the Superintendent. The Superintendent is responsible for carrying on the policies and regulations of the Board, for overseeing the day-to-day operations of the district and for hiring principals and administrators. The Board is elected on a non-partisan basis at large. Board members serve four year staggered terms, with four or three board members elected every two years. Board members are term-limited at two terms.

Serving Pre-K through 12th grade students from Vail to Dotsero, including Bond and McCoy, Eagle County Schools is an innovative district comprised of 1,000 professionals engaging 6,901 students. Our student population is diverse in both demographics and economic background. With 28% of students being English Language Learners compared with the state average of 14.2% we are also uniquely positioned to evolve into a dual language district with bilingual graduates supporting our vision of international competitiveness. While geographically positioned near affluent communities like Vail and Beaver Creek, 41% of our students qualify for free and reduced lunch. Our schools and students are supported by active PTA’s, local non-profit foundations, youth services-focused organizations, and a variety of private-public partnerships and individual philanthropists.

Our vision is to prepare all of our students to be internationally competitive graduates, who will be successful in their careers or college experience and contribute to their communities in positive and effective ways. The district benchmarks international top performing schools to model practices that lead to success for all students. We believe that the only way to improve learning outcomes for students is through better instruction. Consequently, we focus our efforts on an instructional core of educators, learners, and standards. All actions, initiatives, and efforts are viewed through this lens with the expectation that they must shape on of these tenets to be effective.

The district provides a full and challenging range of educational programs and services authorized by Colorado State Statute including basic kindergarten through grade twelve education in elementary, middle and high schools, special education for exceptional students, gifted and talented, career and technical education, English Language Learner programs, Dual-Language, International Baccalaureate, Expeditionary Learning and numerous other educational and support programs. In addition, the district offers preschool programs through its Early Childhood Education program.

One charter school, Eagle County Charter Academy, is included as a discretely presented component unit of Eagle County Schools for the 2016-17 CAFR.

Budget Process

The Board of Education is required by state law to adopt an initial budget no later than June 30 of the preceding the next fiscal year. The annual budget serves as the foundation of the district's financial planning and control. The budget is prepared by the fund, program/department and object. State law allows the Board of Education to adjust the initial budget based upon updated revenues and expenditures through January 31 of the current fiscal year.

Changes to the budget following adoption by the Board of Education are authorized under Policy DBJ, which allows the transfer of funds between accounts with the approval of the Superintendent or designee.

Economic Conditions and Outlook

Economic Outlook for 2017-18

On December 7, 2017 the economic outlook for calendar year 2018 was presented at the 53rd Annual Colorado Business Economic Outlook by the Business Research Division of the Colorado Leeds School of Business. Following three consecutive years of employment growth in excess of 3%, the pace of growth slowed to 2.3% in 2016. The State continued the job-building momentum in 2017, adding an estimated 56,300 jobs, or 2.2%. In 2018, Colorado's pace of employment growth is projected to slow further, to 1.8%, as Colorado increases employment by 47,100.

The Denver-Boulder-Greeley Consumer Price Index (CPI) is the measure of inflation that is generally used for the State of Colorado. The 2017 rate increase, used as a function of funding increases for the 2017-18 was 2.8% and is currently being projected for 2018-19 at 3.0%. School districts face a significant challenge as an improvement in fiscal resources for K-12 education typically lags in an economic recovery. Although State revenues are growing, specific elements of Colorado law restrict the amount of revenue the State can retain and thus will limit the resources available to K-12 education as well as other state departments and services. A unique provision of the Colorado Constitution, referred to as the Taxpayer Bill of Rights (TABOR), specifies a limit on the amount of revenue that can be collected and retained by Colorado governments. The cap on revenue collections is allowed to grow each year by no more than the sum of the rates of Colorado's population growth and inflation.

Other state-wide news includes the recently announced Colorado PERA proposed comprehensive package of reforms designed to reduce the overall risk profile of the plan and improve PERA's funded status. In September, the Colorado PERA Board of Trustees approved the recommended changes designed to shorten the length of time it will take the plan to reach full funding. Changes include, benefit reductions for current and future members and retirees, as well as contribution increases for members and employers. The Colorado Legislature must pass the proposed changes. By State law, the Colorado General Assembly sets contribution rates and benefit levels and the PERA Board of Trustees has oversight of investments and benefit administration. For more information visit. www.copera.org.

The following observations are from page 125 of the 2018 Colorado Business Economic Outlook and can be found at:

<http://www.colorado.edu/business>

National and International

- U.S. output will continue to benefit from increased investment, complementing strong personal consumption.
- U.S. exports will gain from a stronger global economy and a more competitive value of the dollar.
- U.S. GDP growth will likely remain in the 2%–3% range in 2018.
- Inflation will inch closer to the Fed target rate, and the Fed will address policy with at least two rate increases in 2018.

Colorado

- Despite slower growth, Colorado will still be in the top 10 states in 2018.
- Employment growth is projected in each of the 11 industries in both 2017 and 2018.
- Commodity prices will help stabilize the commodity-sensitive industries.
- Population growth will slow modestly from 2017 to 2018; the state will still add an estimated 90,600 people, two-thirds of which will come from netmigration according to the State Demography Office.
- Colorado's aging population and low unemployment rate will constrain job growth in 2018. Colorado will remain a naturally competitive market in 2018, creating, retaining, and recruiting a highly talented workforce with assets ranging from a desirable quality of life to a diverse and robust economy.

http://www.eaglecounty.us/Finance/Documents/2016_CAFR/

Local

The economy in Eagle County continues to be dominated by the ski industry, real estate, and other tourism-related businesses. Vail and Beaver Creek ski areas, operated by Vail Resorts, are two of the most popular winter destination ski resorts in the U.S. The 2015-16 ski season saw a 13.9% increase in Vail and Beaver Creek skier days. Skier days in 2016 were higher in December and January over the prior year due to great snow conditions and summer visits began to approach pre-recession numbers. County sales tax receipts correspondingly increased by more than 4.2% in 2016.

The County is home to premier golf courses designed by Arnold Palmer, Greg Norman, Robert Trent Jones, Jr. and Tom Fazio, among others. Golf rounds played on the County's 14 golf courses decreased 1.8%. This was partially due to the Vail Golf Course being under construction throughout the summer.

Unemployment rates have decreased significantly and are continuing to improve. After reaching a peak average of 9.6% in 2010, annual average rates declined to 3.1% in 2015 and 2.8% in 2016.

The Eagle County Regional Airport reported a total of 164,671 enplanements in 2016, a 3.8% increase from 2015. This increase was primarily attributable to an increase in tourist activities, particularly skier traffic. Airlines providing air service are: American, Delta, United, and Air Canada. The airlines provide seasonal non-stop flights from the following major U.S. cities: Atlanta, Chicago, Dallas, Denver, Houston, Los Angeles, Miami, Minneapolis, Newark, New York, and Toronto.

In addition to world-class skiing and snowboarding at Vail and Beaver Creek, tourists' visiting the County's scenic, historical and summer recreational areas make a significant contribution to the County's economy. Summer recreational activities in the County include rafting, kayaking, paddle boarding, horseback riding, camping, ghost town exploration, backpacking, mountain climbing, mountain biking, and tennis. In addition, fishing and big game hunting for deer and elk are also large contributors to our economy. The Flat Tops area outside of Dotsero is home to North America's largest elk herd.

Along with Vail Resorts, some of the larger organizations that employ Eagle County residents include the Vail Valley Medical Center, Eagle County School District, Vail Cascade Resort, Eagle County Government, Ritz Carlton – Bachelor Gulch, East West Resorts, and Park Hyatt Beaver Creek Resort & Spa.

2016 Eagle County real estate ended the year with \$1,957,961,603 in total dollar volume representing 2,048 transactions. Average sales price county wide was \$970,184, the median sales price, county wide was \$516,500. Average and median sales prices for single family homes and multi-family homes both dropped slightly by 1% between 2015 and 2016.

Workforce and affordable housing continues to be a consideration for new and existing businesses wishing to expand in Eagle County. In 2016, there were 15 re-sales in the county's deed-restricted inventory. This represents \$5,091,341 in sales with an average sales price of \$339,423.

Led by the Eagle County Housing and Development Authority (ECHDA), several additional County-sponsored affordable housing initiatives continually strive to address the critical need for affordable housing. These programs incorporate several local, state and federal funding sources to provide programs including HUD-subsidized Section 8 housing (Eagle Riverview Affordable Housing Corporation), down payment assistance (DPA) program, affordable senior housing (Golden Eagle Elderly Housing Corporation and Seniors on Broadway) and Castle Peak Senior Life and Rehabilitation. Castle Peak Senior Life and Rehabilitation was developed jointly by Eagle County Housing and Development Authority and Augustana Care LLC, the owner and operator of the facility. Castle Peak opened in October 2016 bringing 64 units of skilled nursing and assisted living to Eagle County. Castle Peaks first residence moved in within days of the facilities grand opening. In 2016, Eagle County approved 24 DPA loans for \$213,800, with an average loan amount of \$8,900.

In 1996, Eagle County voters approved an additional ½ percent sales tax for the creation of Eagle County Regional Transportation Authority (ECO Transit/Trails) to provide a transportation system throughout Eagle County. The system consists primarily of bus transport; however, its mission also includes providing trails and other enhancements to transportation in Eagle County. Since its inception, ECO Transit increased its bus ridership from 400,000 to 945,199 riders in 2009. However, as a result of a down economy, ridership dropped to a low of 726,390 passenger trips in 2011. ECO Transit transported just under 1,000,000 passengers in 2017. ECO Transit's safety record remains impeccable, while logging millions of miles per year, often on icy mountain roads.

Long-term Financial Planning

Each year the State budget is crafted by the governor and legislature to determine how much of the total budget will be allocated to K-12 education. The State economic picture is important to the district because a major source of funding for the district's General Operating Fund is received through the State's School Finance Act established by the State legislature. During the Great Recession, State revenue shortfalls forced cuts to K-12 education even though expectations for constitutionally mandated funding increases existed under Amendment 23. After the State sets the total funding for K-12 public education, each local district determines how to fund its specific system and allocate resources to every school within its district.

For the 2017-18 fiscal year, the legislature increased base per pupil funding by 2.8 percent for K-12 public education as well as provided additional dollars for statewide student growth and a minimal reduction to the Budget Stabilization Factor. Including student decline, this equates to a \$164,405 year-over-year decrease to Eagle County Schools from the 2016-17 School Finance Act funding. The "Budget Stabilization Factor" reduction to statewide total program funding as calculated in the School Finance Act is now \$828M, or 11.1 percent. For Eagle County Schools, the budget stabilization factor is \$6.8M for the 2017-18 fiscal year and \$56.5M cumulative since 2010-11. While many expect this funding reduction should reflect a "new normal" for K-12 public education, many community leaders and advocacy groups are pushing to restore funding to prerecession levels and provide resources necessary to address student achievement.

Policy DB requires Eagle County Schools to maintain a fiscal year-end fund balance as an operating reserve in the General Fund as a beneficial and sound financial management practice. The Board of Education assigns to the Superintendent or designee the responsibility of accumulating and maintaining a fund balance in the General amounting to 10% of the district's current fiscal year adopted budget or \$10,000,000, whichever is greater at fiscal year-end, as an operating reserve. This amount will include the emergency reserve required by Article X, Section 20 of the Colorado Constitution (Taxpayer's Bill of Rights).

The 10% year-end operating reserve will be used only for an unexpected loss of revenue or an extraordinary expenditure. Expenditures from the operating reserve shall be reported to the board.

The policy restricts the district from using one-time money for ongoing expenditures. This ensures programs are sustained with ongoing revenue. In addition, current policy specifies the amount to be held as a contingency reserve.

Following the requirements of this policy means the district will have to make annual budget adjustments so that new expenditures do not exceed new revenues and a moderate level of reserves is maintained. Because the district has in the past funded necessary programs with fixed revenue provided by override funds, the cost of these programs will eventually exceed the fixed revenue stream. Using the policy now means the district can make smaller adjustments over time rather than making dramatic cuts when the cost of programs has outgrown revenue sources.

At June 30, 2017, the district is in compliance with these fund balance requirements.

Historical information on district enrollment can be found in Table 17 of the Statistical Section of this document.

Information on all district facilities and property can be found in Table 19 of the Statistical Section of this document.

Major Initiatives

Eagle County Schools is a remarkable school district with a history of innovation, courage, and success. We have been a leader in efforts to revolutionize educator support systems, teacher leadership opportunities, individual accountability, and compensation packages. We have amazing and award-winning schools which have been recognized by the State of Colorado, the U.S. Department of Education, the Bill and Melinda Gates Foundation, and U.S. News & World Report.

Unparalleled Altitude, a working plan, was authored by Dr. Jason Glass, Superintendent in October of 2013. This was the beginning of the district focusing on clarity, coherence and compassion followed by the Board of Education adopting an updated vision, mission, values, strategies and tactics September 2014. We believe in the power of this community and in the talent and passion of the individuals who are part of Eagle County Schools.

Mission: We teach the children of Eagle County to have creative and active minds, compassion for others, enthusiasm for lifelong learning, and the courage to act on their dreams.

Vision: Prepare all of our students to be global-ready graduates, who will be successful in their careers or college experience and contribute to their communities in positive and effective ways. Values: Aligned with our new strategic direction, our values describe what we want to communicate about ourselves. We strive to bring these values to life in all that we do.

Engaged Learners
Inspired Professionals
A Sense of Adventure
A Caring Community
A Commitment to Equity

Although the current state funding plan for K-12 education creates a challenging environment within which operations must continue the district is committed to the course our learning community is taking in 2016-17 as we work toward the mission, vision and tactics at both the district and school levels. These strategies and values reflect the districts determination to stop nothing short of “world-class” quality.

Bond and Mill Levy Program

In November 2016, voters approved a ballot measure authorizing the district to issue \$144 million in general obligation debt to fund the capital projects identified in the Facilities Master Plan. The bond enables significant facility upgrades to ensure our community schools meet the needs of our growing student population.

The district votes also approved an \$8 million mill levy override. The override will adjust annually along with the Denver-Boulder CPI (Consumer Price Index). The override is being used to attract and retain quality staff, restore staffing and programs, support instructional technology, expand early childhood education, provide instructional books/materials as well as, upgrade maintenance and transportation equipment and operations. To provide a high level of accountability and transparency in the implementation of the Mill Levy Program, the board of education has appointed a 3A Citizens' Committee that will offer independent review of the projects. The Committee is comprised of voluntary representatives of the Eagle County School District community.

Awards

Eagle Valley High School ranks in the top 10% of the nation for career and college readiness, according to US News and World Reports. The district has had three Principals of the Year in Colorado, one Superintendent of the Year, and one English Language Learner Director of the Year. Our schools have been recognized as National Blue Ribbon Schools, John Irwin Schools of Excellence and with the Governor's Distinguished Improvement Award from the Colorado Department of Education.

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting and the Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the district for its comprehensive annual financial report for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Excellence and the Certificate of Achievement, the district must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements. The Certificate of Excellence and the Certificate of Achievement are valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the program requirements for both Certificate of Excellence and Certificate Achievement of programs. This document will be submitted to GFOA and ASBO respectively to determine eligibility for another certificate.

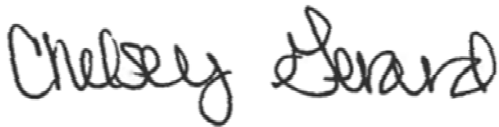
Acknowledgments

The preparation of this report was made possible by the dedicated service of the entire staff of the Business Services Division. I would like to express my sincere appreciation to all members of the department for their contributions to this report. We also thank the district's independent auditors, Swanhorst & Company LLC, for the professional manner in which they accomplished the audit and for their work to publish this Comprehensive Annual Financial Report. I would also like to thank Dr. Jason Glass, Superintendent of Schools and the Board of Education for their interest in and support of the finance and accounting operations of Eagle County Schools.

Respectfully Submitted,



Sandy Mutchler, CPA
Chief Operating Officer



Chelsey Gerard
Director of Finance

Board of Education Members



Patrick Hirn, District F; **Shelly Jarnot**, Secretary/Treasurer, District G;
Tessa Kirchner, Vice President, District A; **Kate Cocchiarella**, President, District B;
Carolyn Knox Keep, District C; **Felicia Battle**, District D;
Kevin Kottenstette, District E

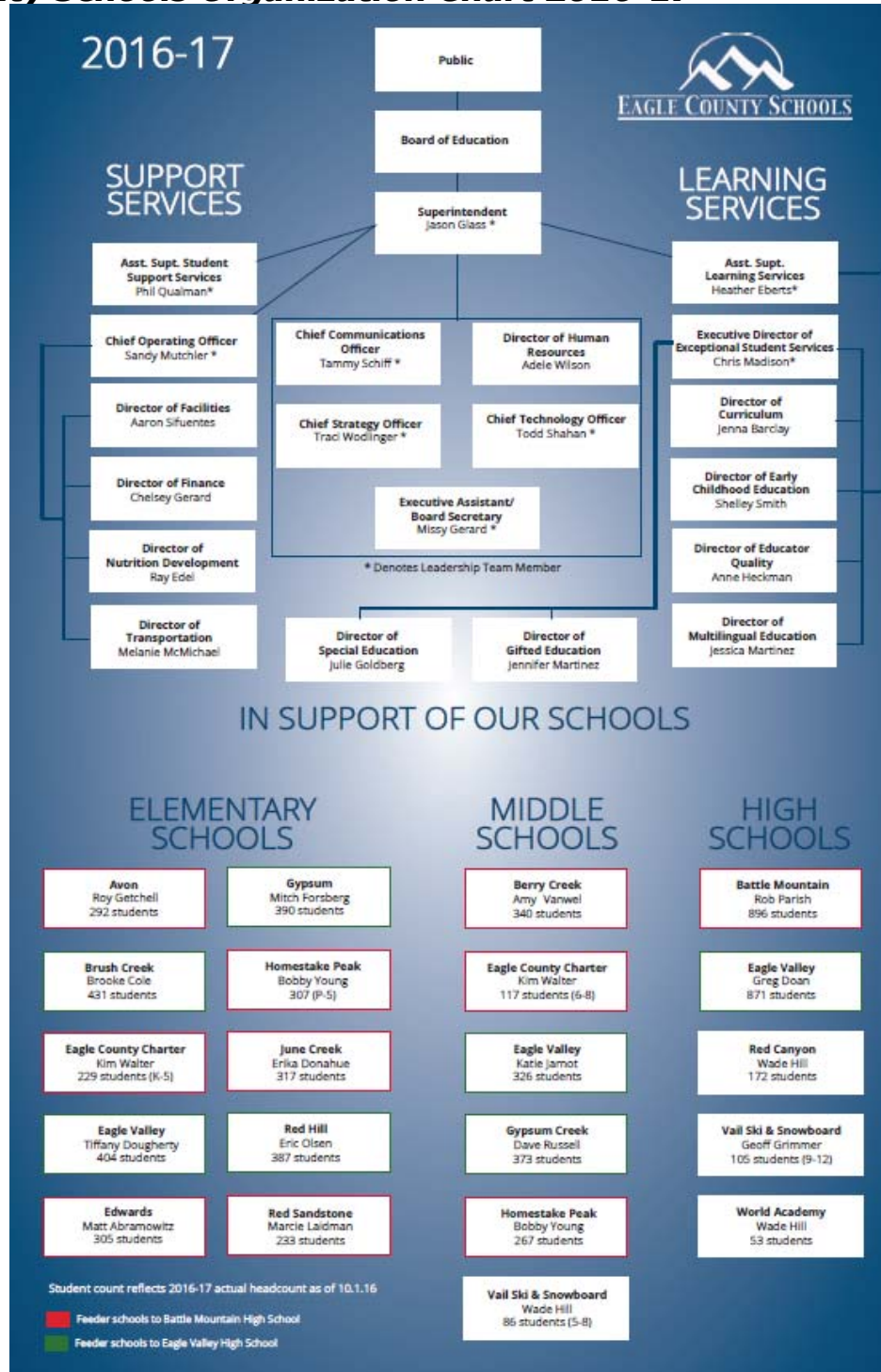
Superintendent's Leadership Team



Dr. Jason Glass Superintendent

Philip Qualman Asst. Superintendent of Student Services
 Heather Eberts Asst. Superintendent of Learning Services
 Traci Wodlinger..... Chief Strategy Officer
 Sandra Mutchler..... Chief Operating Officer
 Tammy Schiff..... Chief Communications Officer
 Todd Shahan..... Chief Technology Officer
 Chris Madison..... Director of Exceptional Student Services

Eagle County Schools Organization Chart 2016-17





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Eagle County School District RE50J
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016



Executive Director/CEO



The Certificate of Excellence in Financial Reporting
is presented to

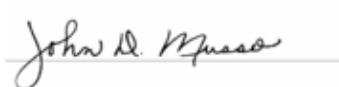
Eagle County School District RE50J

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.

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

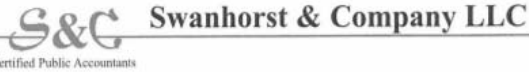


Anthony N. Dragona, Ed.D., RSBA
President



John D. Musso, CAE
Executive Director

FINANCIAL SECTION



Board of Education
Eagle County Schools
Eagle, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Eagle County Schools as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Eagle County Schools, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Eagle County Schools as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters (Required Supplementary Information)

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

Other Matters (Other Information)

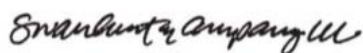
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eagle County Schools' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical section, and auditors integrity report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the auditors integrity report 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 the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 9, 2018, on our consideration of the Eagle County Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Eagle County Schools' internal control over financial reporting and compliance.



February 9, 2018

Management's Discussion and Analysis

As management of the Eagle County Schools (the district), we offer readers of the district's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the district for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the letter of transmittal on pages 1-8 of this report.

Financial Highlights

At June 30, 2017:

- The primary government has a government-wide deficit net position of \$110,342,012. This is the amount the liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources. The net deficit position is primarily due to the district recognizing its proportionate share of a net pension liability of \$255,376,474.
- Total net position decreased by \$32,377,161 for the fiscal year which is due pension related items, including the pension liability increasing by \$122,660,683.
- At the end of the current fiscal year, primary government's governmental funds reported combined ending fund balances of \$163,193,309, an increase of \$136,701,708 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund is \$10,895,790 or 15.06% of total General Fund expenditures and transfers.
- The primary government's long-term debt increased by \$143,047,911 to \$281,775,470.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader of the district's Comprehensive Annual Financial Report a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of the district's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between assets plus deferred outflows and liabilities plus deferred inflows, is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The Statement of Activities presents information showing how the district's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and changes in long-term compensated absences).

Both of the government-wide financial statements distinguish functions of the district that are principally supported by taxes and intergovernmental revenues (governmental activities) and from other functions that are intended to recover a significant portion of their costs through user fees and charges (business-type activities).

Governmental activities consolidate all of the following district funds: General Fund, Governmental Designated-Purpose Grants Fund, Bond Redemption Fund, Nutrition Services Fund, Capital Reserve Fund, Building Fund and the Transportation Fund.

Business-type activities include the District Housing Fund.

The government-wide financial statements include not only the district itself (known as the primary government), but also information of the legally separate Eagle County Charter Academy. The Eagle County Charter Academy functions for all practical purposes as a school of the district, and therefore this organization has been included as an integral part of the district's financial statements.

The government-wide financial statements can be found on pages 35-37 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The district, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the district have been divided into three categories: governmental 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 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 a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in 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 revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The district maintains three individual governmental funds called major funds: the General Fund, Bond Redemption Fund and the Building Fund. They are presented separately in the fund financial statements with the remaining governmental funds combined; Nutrition Services, Designated Purpose Grants, Capital Reserve and the Transportation Fund, are labeled as non-major governmental funds. The basic governmental fund financial statements can be found on pages 38-41 of this report.

Proprietary Funds

The district maintains one type of proprietary fund. Enterprise funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The district uses an enterprise fund to account for its district housing operations.

The basic proprietary fund financial statements can be found on pages 42-44 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because these sources of funds are not available to support the district's direct educational programs. The accounting method used for fiduciary funds is much like that used for proprietary funds. The Fiduciary Fund used by the district accounts for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by the district's Board of Education.

The basic fiduciary fund financial statements can be found on page 45 and 84 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 46-68 of this report.

Other Information

In addition to the basic financial statements, accompanying notes, this report also contains other required supplementary information concerning the district's schedule of proportionate share of pension related items, and budget process. Within a statutory timeline, the board of education adopts a resolution appropriating an annual budget for each of the individual governmental funds. A Budgetary Comparison Schedule for the General Fund has been provided to demonstrate compliance with the district's adopted budget followed by the Notes to Required Supplementary Information. Required Supplementary Information can be found on pages 70-73 of this report.

The Combining and Individual Fund Statements and Schedules follow the Required Supplementary Information and include the remaining governmental funds budgetary comparison schedules. These statements and schedules can be found on pages 75-84 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The governmental activities liabilities and deferred inflows of resources of the district exceeded its assets and deferred outflows of resources by \$111.2 million (net position deficit) at June 30, 2017. The assets of the district are composed of the current assets, other noncurrent assets, and capital assets.

Current and other assets include cash, investments, receivables, prepaid expenses, deposits and inventories. Current assets increased \$142 million. Cash and investments equate to 98% of the current assets. These assets are available to provide resources for the near-term operations of the district.

Other noncurrent assets include restricted cash and investments. Capital assets are used in the operations of the district. These assets are land, buildings, and equipment. Capital assets are discussed in greater detail in Note 3.

For refunding of debt resulting in defeasance, deferred outflows of resources are the differences where the net carrying value of the old debt is less than the reacquisition price.

Current and noncurrent liabilities are determined based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal year 2018.

Long-term liabilities such as long-term debt obligations and compensated absences will be liquidated from resources that will become available after fiscal year 2018. Also included in noncurrent liabilities is the district's proportionate share of the net pension liability.

Due to the implementation of GASB Statement No. 68, deferred outflows of resources and deferred inflows of resources can result from the net difference between expected and actual experience, projected and actual earnings on pension plan investments, changes in the district's proportionate share of the net pension liability, changes of assumptions, as well as contributions made by the district to Colorado Public Employees' Retirement Associations' (PERA) after PERA's measurement date.

As of June 30, 2017, the liabilities plus deferred inflows exceed assets plus deferred outflows of the primary government's governmental activities by \$111,196,380 with an unrestricted deficit net position of \$145,103,309. Prior to implementing GASB Statement No. 68, the district was able to report positive balances in all three categories of net position.

In fiscal year 2017, the amount of "capital assets, net of accumulated depreciation" for the primary government's governmental activities decreased by \$3,322,409 to \$134,304,490 which was related to the net impact of \$5,220,629 in additional assets less current years depreciation expense of \$8,543,038.

Colorado Revised Statute Article X, Section 20, Taxpayer Bill of Rights (TABOR) requires the district to establish reserves. The net position restricted for TABOR, as required by statute, increased \$315,000 as of June 30, 2017, resulting in a total of \$2,375,000.

The \$264,988,026 increase in liabilities plus deferred inflows is primarily attributable to the district recognizing its proportionate share of PERA's net pension liability of \$255,376,474.

Government-wide Activities

Total assets increased by \$150,097,974 and total deferred outflows of resources increased by \$82,511,239.

Table 1 provides a summary of the district's net position as of June 30, 2017 compared to June 30, 2016.

Table 1
Comparative Summary of Net Position
As of June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Assets:						
Current and other assets	\$ 178,099,361	\$ 35,617,872	\$ 795,461	\$ 775,532	\$ 178,894,822	\$ 36,393,404
Capital assets	156,544,145	148,927,660	71,288	84,936	156,615,433	149,012,596
Total Assets	<u>334,643,506</u>	<u>184,545,532</u>	<u>866,749</u>	<u>860,468</u>	<u>335,510,255</u>	<u>185,406,000</u>
Deferred Outflows	<u>109,803,132</u>	<u>27,291,893</u>	<u>-</u>	<u>-</u>	<u>109,803,132</u>	<u>27,291,893</u>
Liabilities:						
Other liabilities	24,578,072	17,703,670	12,381	7,752	24,590,453	17,711,422
Long-term liabilities	528,788,935	271,042,842	-	-	528,788,935	271,042,842
Total Liabilities	<u>553,367,007</u>	<u>288,746,512</u>	<u>12,381</u>	<u>7,752</u>	<u>553,379,388</u>	<u>288,754,264</u>
Deferred Inflows	<u>2,276,011</u>	<u>1,908,480</u>	<u>-</u>	<u>-</u>	<u>2,276,011</u>	<u>1,908,480</u>
Net Position:						
Net Investment in						
Capital Assets	14,276,986	12,272,934	71,288	84,936	14,348,274	12,357,870
Restricted	19,629,943	16,058,646	-	-	19,629,943	16,058,646
Unrestricted	(145,103,309)	(107,149,147)	783,080	767,780	(144,320,229)	(106,381,367)
Total Net Position	<u>\$ (111,196,380)</u>	<u>\$ (78,817,567)</u>	<u>\$ 854,368</u>	<u>\$ 852,716</u>	<u>\$ (110,342,012)</u>	<u>\$ (77,964,851)</u>



Governmental Activities

Governmental activities decreased the net position of the district \$32,378,813 during the year ended June 30, 2017. This decrease is a combination of increased revenue and expenses tied to the bond and mill levy. Property taxes increased by \$13.4 million due to increased assessed value along with the voter approved \$8 million mill levy. State equalization decreased by \$1.3 million which was offset by local property taxes. Expenses increased in relation to pension expense.

Table 2 provides a summary of the district's change in net position for 2017 compared to 2016.

Table 2
Comparative Summary of Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Revenues:						
Program revenues						
Charges for services	\$ 3,840,408	\$ 3,537,130	\$ 127,184	\$ 125,619	\$ 3,967,592	\$ 3,662,749
Operating grants and contributions	7,945,748	8,580,035	-	-	7,945,748	8,580,035
Capital grants and contributions	61,073	122,277	-	-	61,073	122,277
General revenues						
Property taxes	68,961,670	55,590,666	-	-	68,961,670	55,590,666
Specific ownership taxes	3,136,892	2,736,271	-	-	3,136,892	2,736,271
State revenue	17,268,541	15,850,394	-	-	17,268,541	15,850,394
Not restricted grants	536,267	504,550	-	-	536,267	504,550
Investment earnings	711,466	52,248	-	-	711,466	52,248
Other	1,003,563	1,227,620	-	-	1,003,563	1,227,620
Total revenues	103,465,628	88,201,191	127,184	125,619	103,592,812	88,326,810
Expenses:						
Direct Instruction	80,062,490	51,406,006	-	-	80,062,490	51,406,006
Supporting Services	48,123,875	35,404,876	-	-	48,123,875	35,404,876
Interest	7,658,076	5,271,362	-	-	7,658,076	5,271,362
Employee housing	-	-	125,532	129,249	125,532	129,249
Total expenses	135,844,441	92,082,244	125,532	129,249	135,969,973	92,211,493
Changes in net position	(32,378,813)	(3,881,053)	1,652	(3,630)	(32,377,161)	(3,884,683)
Net position - July 1	(78,817,567)	(74,936,514)	852,716	856,346	(77,964,851)	(74,080,168)
Net position - June 30	(111,196,380)	(78,817,567)	854,368	852,716	(110,342,012)	(77,964,851)

Table 3 provides a summary of the district's change in Assets & Deferred Outflows of Resources of Governmental Activities for 2017 compared to 2016.

Table 3
Comparative Summary of Assets & Deferred Outflows of Resources
of Governmental Activities
As of June 30, 2017 and 2016

	FY 2017	FY 2016	Increase (Decrease)
ASSETS			
Cash and Investments	\$ 39,430,612	\$ 31,072,702	\$ 8,357,910
Restricted Cash and Investments	135,105,819	1,285,543	133,820,276
Accounts Receivable	171,942	101,670	70,272
Taxes Receivable	3,009,772	2,743,260	266,512
Grants Receivable	296,671	349,276	(52,605)
Inventories	84,545	65,421	19,124
Capital Assets, Not Being Depreciated	22,239,655	11,300,761	10,938,894
Capital Assets, Net of Accumulated Dep.	134,304,490	137,626,899	(3,322,409)
Total Assets	<u>\$ 334,643,506</u>	<u>\$ 184,545,532</u>	<u>\$ 150,097,974</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Debt Refunding	\$ 9,341,813	\$ 9,385,605	\$ (43,792)
Pensions	100,461,319	17,906,288	82,555,031
Total Deferred Outflows of Resources	<u>\$ 109,803,132</u>	<u>\$ 27,291,893</u>	<u>\$ 82,511,239</u>

Total assets increased by \$150 million. Cash and investments increased \$142 million due primarily to unspent bond proceeds and to the increased mills certified for the new bond principal and interest payments due in the next fiscal year. The Capital Assets, Not Being Depreciated increased by \$10.9 million. This reflects capital assets being purchased with bond proceeds. The \$3,322,409 decrease in capital assets, net of accumulated depreciation is primarily due to the depreciation expense.

The net difference between projected and actual earnings on pension plan investments as well as contributions made by the district after the plan's measurement date resulted in a change in deferred outflows of \$82.5 million.

Table 4
Comparative Summary of Liabilities & Deferred Inflows of Resources
As of June 30, 2017 and 2016

	FY 2017	FY 2016	Increase (Decrease)
LIABILITIES			
Accounts Payable	\$ 6,386,654	\$ 587,816	\$ 5,798,838
Accrued Liabilities	903,550	1,533,486	(629,936)
Accrued Salaries and Benefits	6,644,814	5,717,703	927,111
Unearned Revenues	330,833	253,461	77,372
Accrued Interest Payable	992,404	496,535	495,869
Noncurrent Liabilities			
Due Within One Year	9,319,817	9,114,669	205,148
Due in More Than One Year	273,412,461	138,327,051	135,085,410
Net Pension Liability	255,376,474	132,715,791	122,660,683
Total Liabilities	\$ 553,367,007	\$ 288,746,512	\$ 264,620,495
DEFERRED INFLOWS OF RESOURCES			
Pensions	\$ 2,276,011	\$ 1,908,480	\$ 367,531

Accounts payable increased by \$5.7 million due to the increased activity of capital construction projects as part of the 2016 voter approved bonds. Accrued liabilities decreased by \$629,936 due to the timing of the year end payroll. Accrued salaries and benefits increased by \$927,111 due to salary increases given, benefit increases and growth in the number of employees. The increase in unearned revenues is due to decreased grant program activity. The increase in accrued interest reflects the increased bond interest due by the district because of the newly issued debt. The increase in noncurrent liabilities due within one year is primarily due to the increase in newly issued debt. Refer to Note 5. The increase in net pension liability is due to recognizing the districts increased proportionate share of the net pension liability. Refer to Note 9.

Deferred inflows of resources related to pensions increased \$367,531 primarily due to the changes in assumptions or other inputs for the net pension liability under GASB Statement No. 68

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA after the balance stabilization factor' was applied, the district received \$7,706.68 per funded pupil. For the fiscal year ended June 30, 2016, the funded pupil count was 7,587.03, a growth rate of 1.8% over the prior fiscal year. Funding for the SFA comes from real estate property taxes, specific ownership personal property tax and State equalization. For fiscal year 2017, SFA per pupil funding increased by \$119.65 per student.

The Statement of Activities shows the cost of program services and charges for services, grants and contributions offsetting those services. Table 5 shows the total cost of services and the net cost of services for governmental activities.

Table 5
Comparative Summary of Governmental Activities
For the Year Ended June 30, 2017 and 2016

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Instruction	\$ 80,062,490	\$ 51,406,006	\$ 72,835,241	\$ 44,774,396
Supporting services	48,123,875	35,404,876	43,564,968	29,919,321
Interest Expense	7,658,076	5,271,362	7,597,003	5,149,085
	<u>\$ 135,844,441</u>	<u>\$ 92,082,244</u>	<u>\$ 123,997,212</u>	<u>\$ 79,842,802</u>

The cost of all governmental activities this year was \$135.8 million compared to \$92 million last year. About \$11.8 million of the cost of services was financed by the users of the districts programs in the form of charges for services which is slightly less than the prior year. The total cost of services increased this year by \$43.8 million. The primary increase in total costs is due to an increase in employees, salaries, and pension related items. The majority of the district's net cost of services, \$44.1 million, was financed by State and district taxpayers.

Financial Analysis of the 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, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the district itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the district's board of education.

At June 30, 2017, the district's governmental funds reported combined fund balances of \$163,193,309, an increase of \$136,701,708 from the prior year. Total unassigned fund balance of \$10,895,790 constitutes 6.7% of the total fund balance, which is available for spending at the district's discretion. The remainder of the fund balance is; assigned \$1,609,274, restricted for particular purposes \$150,603,700, and \$84,545 is non-spendable.

Table 6 provides a comparative summary of the district's Combining Balance Sheet for 2017 compared to 2016.

Table 6
Comparative Summary of Combining Balance Sheet
For the Year Ended June 30, 2017 and 2016

	2017	2016	Increase (Decrease)
ASSETS			
Cash and Investments	\$ 39,430,612	\$ 31,072,702	\$ 8,357,910
Restricted Cash and Investments	135,105,819	1,285,543	133,820,276
Accounts Receivable	171,942	101,670	70,272
Taxes Receivable	3,009,772	2,743,260	266,512
Grants Receivable	296,671	349,276	(52,605)
Inventories	84,545	65,421	19,124
TOTAL ASSETS	\$ 178,099,361	\$ 35,617,872	\$ 142,481,489
LIABILITIES			
Accounts Payable	\$ 6,386,654	\$ 587,816	\$ 5,798,838
Accrued Liabilities	903,550	1,533,486	(629,936)
Accrued Salaries and Benefits	6,644,814	5,717,703	927,111
Unearned Revenues	330,833	253,461	77,372
TOTAL LIABILITIES	14,265,851	8,092,466	6,173,385
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	640,201	1,033,805	(393,604)
TOTAL DEFERRED INFLOWS OF RESOURCES	640,201	1,033,805	(393,604)
FUND BALANCES			
Nonspendable Inventories	84,545	65,421	19,124
Restricted for Mill Levy Override	1,876,142	-	1,876,142
Restricted for Debt Service	16,186,060	13,041,918	3,144,142
Restricted for Capital Outlay	130,166,498	445,813	129,720,685
Restricted for Multi-Year Contracts	-	1,183,628	(1,183,628)
Restricted for Emergencies	2,375,000	2,060,000	315,000
Assigned to Capital Outlay	1,219,643	519,411	700,232
Assigned to Transportation	5,334	58,647	(53,313)
Assigned to Nutrition Services	384,297	346,353	37,944
Unrestricted, Unassigned	10,895,790	8,770,410	2,125,380
TOTAL FUND BALANCES	163,193,309	26,491,601	136,701,708
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 178,099,361	\$ 35,617,872	\$ 142,481,489

Table 7 provides a comparative summary of the district's Revenues, Expenditures and Changes in Fund Balance for 2017 compared to 2016.

Table 7
Comparative Summary of Combining Statement of
Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2017 and 2016

	2017	2016	Increase (Decrease)
REVENUES			
Local Sources	\$ 78,490,853	\$ 63,864,133	\$ 14,626,720
State Sources	20,757,187	19,264,692	1,492,495
Federal Sources	4,611,192	4,866,203	(255,011)
Total Revenues	<u>103,859,232</u>	<u>87,995,028</u>	<u>15,864,204</u>
EXPENDITURES			
Current			
Instruction	45,751,135	41,077,017	4,674,118
Supporting Services	32,548,311	30,065,020	2,483,291
Capital Outlay	17,028,989	545,518	16,483,471
Debt Service			
Principal	9,000,000	9,610,000	(610,000)
Interest and Fiscal Charges	8,468,699	6,169,934	2,298,765
Total Expenditures	<u>112,797,134</u>	<u>87,467,489</u>	<u>25,329,645</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (8,937,902)	 527,539	 (9,465,441)
 OTHER FINANCING SOURCES (USES)			
Debt Issued	131,770,000	-	131,770,000
Debt Premium	22,332,115	-	22,332,115
Payment to Escrow Agent	(8,462,505)	-	(8,462,505)
Transfers In	3,328,625	2,566,583	762,042
Transfers Out	<u>(3,328,625)</u>	<u>(2,566,583)</u>	<u>(762,042)</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>145,639,610</u>	 <u>-</u>	 <u>(8,462,505)</u>
 NET CHANGE IN FUND BALANCES	 136,701,708	 527,539	 136,174,169
 FUND BALANCES, Beginning	 <u>26,491,601</u>	 <u>25,964,062</u>	 <u>527,539</u>
 FUND BALANCES, Ending	 <u>\$ 163,193,309</u>	 <u>\$ 26,491,601</u>	 <u>\$ 136,701,708</u>

General Fund:

The General Fund is the main operating fund of the district. The General Fund had \$75,462,209 in revenues and \$69,842,569 in expenditures and transfers out of \$2,486,746. As of June 30, 2017, the General Fund reflects an ending fund balance of \$15,146,932, an increase of \$3,132,894 from the prior year. The increase is primarily the result of planned mill levy carryover of \$1,876,142.

Approximately 79.3% of General Fund expenditures are for staff salaries and benefits. For the 2016-17 fiscal year, all employees received an average increase of 10% for a combined market adjustment and cost of living increase as well as a 1% performance pay. Additionally, the district was required to make an additional 0.5% for half of the year contribution to PERA, the State of Colorado's retirement plan. The district also absorbed all employee benefit plan increases.

General Fund expenditures by school level/department are shown in Table 8 below. The district spent 84.6% of General Fund dollars on instruction related activities. Schools and various departments include both instructional and support expenditures.

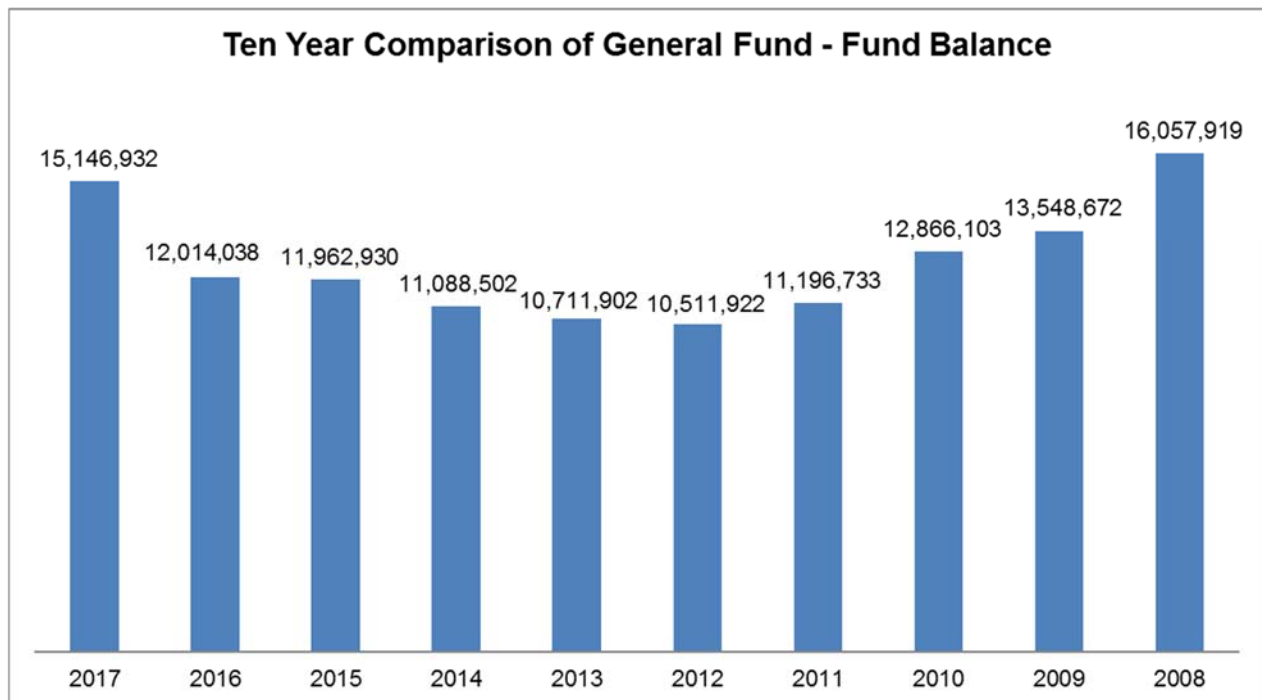
Table 8
General Fund Expenditures by School Level/Department
For the Year Ended June 30, 2017 and 2016

	2017	2016	Increase (Decrease)
EXPENDITURES			
Regular instruction			
Elementary schools	\$ 19,510,482	\$ 18,186,380	\$ 1,324,102
Middle schools	6,387,187	6,003,409	383,778
High schools	14,650,752	12,688,637	1,962,115
Special instruction			
Exceptional Student Services	7,959,028	7,237,799	721,229
Early Childhood	3,504,129	2,904,348	599,781
Support services			
Superintendent	1,318,172	1,151,509	166,663
Educator Quality	656,559	511,587	144,972
Instructional Services	1,278,391	1,177,487	100,904
Student Services	578,096	641,402	(63,306)
Assessment	149,116	85,694	63,422
ELA	2,947,991	2,471,204	476,787
Community Relations	318,990	267,275	51,715
Business Services	1,199,987	1,285,662	(85,675)
Human Resources	1,375,089	1,046,160	328,929
Maintenance	1,911,745	1,789,983	121,762
Technology	2,499,187	2,148,230	350,957
County services (PILT)	239,500	153,750	85,750
Charter School Allocation	3,358,168	2,913,699	444,469
Transfers	2,486,746	2,566,583	(79,837)
Total Expenditures	<u>\$ 72,329,315</u>	<u>\$ 65,230,798</u>	<u>\$ 7,098,517</u>

Table 9
General Operating Fund Expenditures By Function
For the Past Five Fiscal Years (Percentages)

	2017	2016	2015	2014	2013
Instruction					
Regular Instruction	60.40%	60.10%	59.20%	60.91%	60.28%
Support Services - Students	5.67%	5.50%	5.02%	4.26%	3.95%
Support Services - Instructional	6.58%	7.29%	7.98%	6.32%	5.88%
Total Instruction	72.66%	72.90%	72.20%	71.49%	70.11%
Support					
School Administration and Operations	26.98%	26.83%	27.36%	28.07%	28.16%
District Wide/Community Services	0.36%	0.27%	0.44%	0.44%	0.38%
Total Support	27.34%	27.10%	27.80%	28.51%	28.54%
Debt Service					
Principal	-	-	-	-	0.35%
Interest and Fiscal Charges	-	-	-	-	1.00%
Total	100%	100%	100%	100%	100%

An analysis of the district's General Fund ending fund balance is shown in the following chart. Over the 10 year period 2007-08 to 2016-17, the fund balance of the General Fund has fluctuated from a low of \$10,511,922 at June 30, 2012 to a high of \$16,057,919 at June 30, 2008 to its current amount of \$15,146,935.



Nutrition Services Fund:

The majority of the \$1.9 million in revenues comes from the National School Lunch and Breakfast Programs, with 41% of our students qualifying for free and reduced lunch. The fund is self-supportive except for a transfer in of \$93,865 to reflect salary increases provided by the mill levy. This fund generated a \$57,068 net change in fund balance.

Designated-Purpose Grant Fund:

Grant resources dropped by approximately \$490 thousand from the prior year which attributes mostly to local resources. The district continues to search for and apply for grants that align with the strategic plan.

Transportation Fund:

Both revenues and expenditures have increased from the prior year. The district began adding back routes which increased the costs. The State reimbursement is based off route miles driven so this also increases the district's State revenues. The net change in fund balance of \$(53,313) resulted in an ending fund balance of \$5,334. The increase in charges for services is due to activities and trips.

Building Fund:

In November 2016, Eagle County residents passed a bond that generated \$154,102,115 in bond proceeds. Proceeds were used to pay off Certificate of Participation whose principal and interest payments were historically being paid out of the capital reserve fund. Bond projects included improving safety and security district wide, replacing outdated roofs and mechanical systems, adding classrooms, renovating and reconstructing 3 of our oldest schools and overall improving classroom space and building quality across all district facilities. As of June 30, 2017 \$16,017,548 was expended towards these capital projects.

Capital Reserve Fund:

Expenditures of \$1,011,441 focused on a "break/fix" model. Limited resources for capital projects continue to take a toll on facilities. Significant needs are being addressed through the Building Fund with bond proceeds.

District Housing Fund:

The only source of revenue was rental income of \$127,184 with \$125,532 expended for a part-time employee, maintenance, utilities and depreciation resulting in an ending fund balance of \$854,368.

Budgetary Highlights

Colorado local government uniform accounting and budget laws require that a budget be adopted and reported for all funds. Total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased provided they are offset by unanticipated revenue. All appropriations lapse at the end of the fiscal year. Fund balance appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

The district's original budget for the 2016-17 fiscal year was adopted by the Board of Education at its June 15, 2016 meeting and the revised budget was adopted at its January 25, 2017 meeting. Revisions were made to the General Fund:

General Fund:

The total General Fund appropriation was increased primarily due to increased funding provided by the School Finance Act based on student count, increase of Per Pupil Revenue, and reallocation between local and state sources due to increased assessed value. General Fund revenue was also increased due to the voter approved mill levy override of \$8,000,000. Expenditures increased to accommodate the November 2016 voter approved 3A related expenditures, additional staffing, purchased services and transfer amounts.

A Budgetary Comparison Schedule for the General Fund is included on page 71 of this document. Significant differences between final budgeted and actual revenues are as follows:

There is a \$1,638,164 positive variance between actual revenues and the final budget amount. There are some variances in property tax, specific ownership and state equalization resulting in a \$304,166 positive impact. The major increases include an increase in local sources above projected.

Total positive variance between final budget and actual expenditures is \$2,441,448, which is due to spending less than budgeted. This equates to 3.38% variance.



Non-Personnel Variance

The district allows schools and departments to carryover unused budget allocations from year to year. Schools and departments use this procedure to accumulate funds for large purchases or multi-year projects; it also keeps schools and departments from excessive year end spending.

Capital Assets and Debt Administration

The district's investment in capital assets for its governmental and business-type activities as of June 30, 2016 and 2017 are \$289,589,749 and \$305,217,103 respectively.

Table 10
Comparative Summary of Capital Assets
For the Year Ended June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Assets:						
(not net of accumulated depreciation)						
Land	22,239,655	11,300,761	11,776	11,776	22,251,431	11,312,537
Buildings and Improvements	268,668,904	264,660,004	803,498	803,498	269,472,402	265,463,502
Vehicles and Equipment	13,493,270	12,813,710	-	-	13,493,270	12,813,710
Total Assets	<u>\$ 304,401,829</u>	<u>\$ 288,774,475</u>	<u>\$ 815,274</u>	<u>\$ 815,274</u>	<u>\$ 305,217,103</u>	<u>\$ 289,589,749</u>
Governmental Activities Depreciation Expense:						
Instruction	\$ 5,980,127	\$ 5,803,462				
Supporting Services	2,562,911	2,487,198				
Total	<u>\$ 8,543,038</u>	<u>\$ 8,290,660</u>				
Business-Type Activities Depreciation Expense:						
District Housing	<u>\$ 13,648</u>	<u>\$ 13,648</u>				

Additional information on the district's capital assets can be found in Note 3 of this report.

At June 30, 2017, the district had total (principal and interest) bonded debt outstanding of \$281,775,470 backed by the full faith and credit of the district. Additionally, the district has long-term debt obligations for compensated absences in the amount of \$956,808 outstanding at the end of the current fiscal year.

Table 11
Comparative Summary of Long Term Debt
For the Year Ended June 30, 2017 and 2016

	2017	2016
General Obligation Bonds	\$ 281,775,470	\$ 138,727,559
Compensated Absences	956,808	955,576
Certificates of Participation	-	7,758,585
Total Long Term Debt	<u>\$ 282,732,278</u>	<u>\$ 147,441,720</u>

The district maintains a "AA" rating from Standard & Poor's, an "AA+" rating from Fitch Ratings and a "Aa2" rating from Moody's Investors Services for its general obligation debt.

State statute limits the amount of general obligation debt a government may issue to 20% of its total assessed valuation. At June 30, 2017, the district's legal debt limit is \$547,965,708 and the district's total outstanding general obligation bonds are under the legal debt limit by \$262,411,060.

Additional information on the district's long-term obligations can be found in Note 5 of this report.

Economic Factors and Next Year's Budget

Each year the State budget is crafted by the governor and legislature to determine how much of the total budget will be allocated to K-12 education. The State economic picture is important to the district because a major source of funding for the district's General Fund is received through the State's School Finance Act established by the State legislature. During the Great Recession, state revenue shortfalls forced cuts to K-12 education even though constitutionally mandated funding increases exist under Amendment 23. After the State sets the total funding for K-12 public education, each local district determines how to fund its specific system and allocate resources to every school within its district.

Approximately 67.3 of the district's General Fund revenues are a result of State level decisions. The Colorado State Legislature approved the 2017-18 School Finance Act (SFA) and increased the statewide per pupil base funding by inflation, or 2.8 percent, and an additional amount beyond inflation and student growth. However, for the seventh consecutive year the Colorado State Legislature continued to lower the statewide total funding by applying a budget stabilization factor to reduce total program funding received by each school district. For the district, this budget stabilization factor in the SFA averages over \$7.1 million annually and has accumulated to over \$49.7 million cumulatively in lost State revenues.

The funded pupil count is the real driver of school funding. The SFA identifies a per-pupil funding amount, and the number of full-time students enrolled in a district determines the amount of total funding. The funded pupil count refers to the number of full-time students enrolled in a district. Not all students (kindergartners for example) attend school on a full-time basis; the funded pupil count is different from the total enrollment, or district membership. The official pupil count occurs each October 1 and results in the funded pupil count numbers. The district's state per pupil revenue (PPR) for 2017-18 is \$7,937.94.

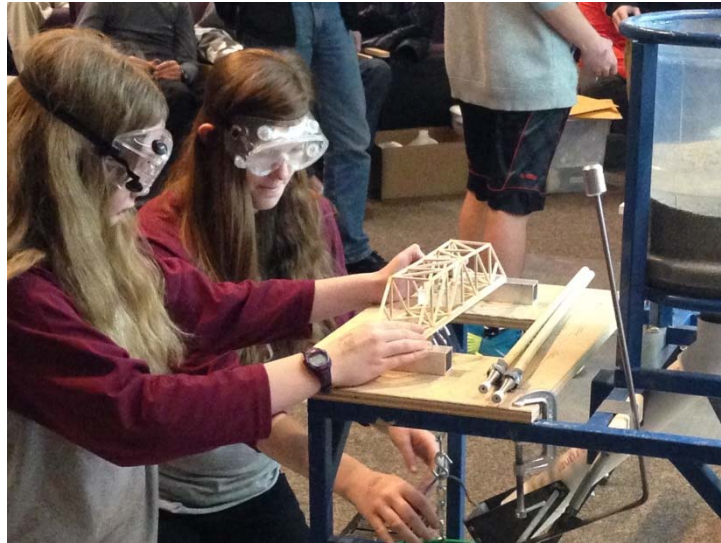
The budget implications are substantial if projected enrollment growth is not realized. Actual funded pupil count information is generally received after the close of the first quarter of the fiscal year and many staffing and programmatic changes cannot be made without significant impacts to students. For this reason, the district generally undertakes a reasonable, yet conservative, projection methodology to reduce the risk of a funding shortfall compared to expected revenues.

Requests for Information

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

Sandy Mutchler, CPA, Chief Operating Officer
Eagle County Schools
Business Services
PO Box 740
Eagle, Colorado 81631

sandra.mutchler@eaglecountyschools.net



BASIC FINANCIAL STATEMENTS

EAGLE COUNTY SCHOOLS

STATEMENT OF NET POSITION

June 30, 2017

	PRIMARY GOVERNMENT			COMPONENT UNIT EAGLE COUNTY CHARTER ACADEMY
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Cash and Investments	\$ 39,430,612	\$ 792,776	\$ 40,223,388	\$ 1,915,774
Restricted Cash and Investments	135,105,819	-	135,105,819	-
Accounts Receivable	171,942	2,685	174,627	196,432
Taxes Receivable	3,009,772	-	3,009,772	-
Grants Receivable	296,671	-	296,671	-
Prepaid Expenses	-	-	-	14,500
Inventories	84,545	-	84,545	12,002
Capital Assets, Not Being Depreciated	22,239,655	11,776	22,251,431	-
Capital Assets, Net of Accumulated Depreciation	134,304,490	59,512	134,364,002	10,295,938
TOTAL ASSETS	334,643,506	866,749	335,510,255	12,434,646
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Debt Refunding	9,341,813	-	9,341,813	-
Pensions	100,461,319	-	100,461,319	4,289,952
TOTAL DEFERRED OUTFLOWS OF RESOURCES	109,803,132	-	109,803,132	4,289,952
LIABILITIES				
Accounts Payable	6,386,654	-	6,386,654	44,985
Accrued Liabilities	903,550	-	903,550	41,612
Accrued Salaries and Benefits	6,644,814	4,751	6,649,565	289,389
Unearned Revenues	330,833	-	330,833	14,135
Security Deposits	-	7,630	7,630	-
Accrued Interest Payable	992,404	-	992,404	-
Noncurrent Liabilities				
Due Within One Year	9,319,817	-	9,319,817	-
Due in More Than One Year	273,412,461	-	273,412,461	-
Net Pension Liability	255,376,474	-	255,376,474	10,962,675
TOTAL LIABILITIES	553,367,007	12,381	553,379,388	11,352,796
DEFERRED INFLOWS OF RESOURCES				
Pensions	2,276,011	-	2,276,011	232,464
NET POSITION				
Net Investment in Capital Assets	14,276,986	71,288	14,348,274	10,295,938
Restricted for Mill Levy Override	1,876,142	-	1,876,142	-
Restricted for Capital Renewal	-	-	-	159,068
Restricted for Debt Service	15,378,801	-	15,378,801	-
Restricted for Emergencies	2,375,000	-	2,375,000	115,700
Unrestricted	(145,103,309)	783,080	(144,320,229)	(5,431,368)
TOTAL NET POSITION	\$ (111,196,380)	\$ 854,368	\$ (110,342,012)	\$ 5,139,338

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

EAGLE COUNTY SCHOOLS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
Instruction	\$ 80,062,490	\$ 1,723,046	\$ 5,504,203	\$ -
Supporting Services	48,123,875	2,117,362	2,441,545	-
Interest on Long-Term Debt	<u>7,658,076</u>	<u>-</u>	<u>-</u>	<u>61,073</u>
Total Governmental Activities	<u>135,844,441</u>	<u>3,840,408</u>	<u>7,945,748</u>	<u>61,073</u>
Business-Type Activities				
District Housing	<u>125,532</u>	<u>127,184</u>	<u>-</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 135,969,973</u>	<u>\$ 3,967,592</u>	<u>\$ 7,945,748</u>	<u>\$ 61,073</u>
COMPONENT UNIT				
Eagle County Charter Academy	<u>\$ 6,306,552</u>	<u>\$ 379,015</u>	<u>\$ 3,388</u>	<u>\$ -</u>
GENERAL REVENUES				
Local Property Taxes				
Specific Ownership Taxes				
State Equalization				
Per Pupil Revenue				
State Capital Construction				
Grants and Contributions not Restricted to Specific Programs				
Investment Income				
Other				
TOTAL GENERAL REVENUES				
CHANGE IN NET POSITION				
NET POSITION, Beginning				
NET POSITION, Ending				

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

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION			
PRIMARY GOVERNMENT			COMPONENT UNIT
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	EAGLE COUNTY CHARTER ACADEMY
\$ (72,835,241)	\$ -	\$ (72,835,241)	\$ -
(43,564,968)	-	(43,564,968)	-
(7,597,003)	-	(7,597,003)	-
(123,997,212)	-	(123,997,212)	-
-	1,652	1,652	-
(123,997,212)	1,652	(123,995,560)	-
-	-	-	(5,924,149)
68,961,670	-	68,961,670	807,283
3,136,892	-	3,136,892	-
17,268,541	-	17,268,541	-
-	-	-	2,547,496
-	-	-	91,766
536,267	-	536,267	825,895
711,466	-	711,466	9,884
1,003,563	-	1,003,563	65
91,618,399	-	91,618,399	4,282,389
(32,378,813)	1,652	(32,377,161)	(1,641,760)
(78,817,567)	852,716	(77,964,851)	6,781,098
\$ (111,196,380)	\$ 854,368	\$ (110,342,012)	\$ 5,139,338

EAGLE COUNTY SCHOOLS

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	GENERAL	BUILDING	BOND REDEMPTION	NONMAJOR FUNDS	TOTAL
ASSETS					
Cash and Investments	\$ 21,842,784	\$ -	\$ 15,586,291	\$ 2,001,537	\$ 39,430,612
Restricted Cash and Investments	-	134,657,508	-	448,311	135,105,819
Accounts Receivable	128,293	9,917	-	33,732	171,942
Taxes Receivable	2,181,268	-	784,914	43,590	3,009,772
Grants Receivable	-	-	-	296,671	296,671
Inventories	-	-	-	84,545	84,545
TOTAL ASSETS	\$ 24,152,345	\$ 134,667,425	\$ 16,371,205	\$ 2,908,386	\$ 178,099,361
LIABILITIES					
Accounts Payable	\$ 1,437,416	\$ 4,949,238	\$ -	\$ -	\$ 6,386,654
Accrued Liabilities	814,985	-	-	88,565	903,550
Accrued Salaries and Benefits	6,307,251	-	-	337,563	6,644,814
Unearned Revenues	-	-	-	330,833	330,833
TOTAL LIABILITIES	8,559,652	4,949,238	-	756,961	14,265,851
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	445,761	-	185,145	9,295	640,201
FUND BALANCES					
Nonspendable Inventories	-	-	-	84,545	84,545
Restricted for Mill Levy Override	1,876,142	-	-	-	1,876,142
Restricted for Debt Service	-	-	16,186,060	-	16,186,060
Restricted for Capital Outlay	-	129,718,187	-	448,311	130,166,498
Restricted for Emergencies	2,375,000	-	-	-	2,375,000
Assigned to Capital Outlay	-	-	-	1,219,643	1,219,643
Assigned to Transportation	-	-	-	5,334	5,334
Assigned to Nutrition Services	-	-	-	384,297	384,297
Unassigned	10,895,790	-	-	-	10,895,790
TOTAL FUND BALANCES	15,146,932	129,718,187	16,186,060	2,142,130	163,193,309
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 24,152,345	\$ 134,667,425	\$ 16,371,205	\$ 2,908,386	\$ 178,099,361

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

EAGLE COUNTY SCHOOLS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2017

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balances of Governmental Funds	\$ 163,193,309
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	156,544,145
Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes not available as current financial resources.	640,201
Long-term liabilities and related items, including bonds payable (\$281,775,470), compensated absences (\$956,808) loss on refunding \$9,341,813, and accrued interest payable (\$992,404) are not due and payable in the current year and, therefore, are not reported in governmental funds.	(274,382,869)
Pension liability (\$255,376,474) and related deferred inflows (\$2,276,011) and deferred outflows \$100,461,319 are not due and payable in the current year and, therefore, are not reported in the funds.	<u>(157,191,166)</u>
Total Net Position of Governmental Activities	\$ <u>(111,196,380)</u>

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

EAGLE COUNTY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	GENERAL	BUILDING	BOND REDEMPTION	NONMAJOR FUNDS	TOTAL
REVENUES					
Local Sources	\$ 54,915,535	\$ 588,472	\$ 20,057,272	\$ 2,929,574	\$ 78,490,853
State Sources	20,010,407	-	-	746,780	20,757,187
Federal Sources	536,267	61,073	-	4,013,852	4,611,192
TOTAL REVENUES	75,462,209	649,545	20,057,272	7,690,206	103,859,232
EXPENDITURES					
Current					
Instruction	43,517,610	-	-	2,233,525	45,751,135
Supporting Services	26,324,959	-	-	6,223,352	32,548,311
Capital Outlay	-	16,017,548	-	1,011,441	17,028,989
Debt Service					
Principal	-	200,000	8,800,000	-	9,000,000
Interest and Fiscal Charges	-	207,538	7,273,400	-	7,480,938
Debt Issuance Costs	-	987,761	-	-	987,761
TOTAL EXPENDITURES	69,842,569	17,412,847	16,073,400	9,468,318	112,797,134
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,619,640	(16,763,302)	3,983,872	(1,778,112)	(8,937,902)
OTHER FINANCING SOURCES (USES)					
Debt Issued	-	131,770,000	-	-	131,770,000
Debt Premium	-	22,332,115	-	-	22,332,115
Payment to Escrow Agent	-	(8,462,505)	-	-	(8,462,505)
Transfers In	-	841,879	-	2,486,746	3,328,625
Transfers Out	(2,486,746)	-	-	(841,879)	(3,328,625)
TOTAL OTHER FINANCING SOURCES (USES)	(2,486,746)	146,481,489	-	1,644,867	145,639,610
NET CHANGE IN FUND BALANCES	3,132,894	129,718,187	3,983,872	(133,245)	136,701,708
FUND BALANCES, Beginning	12,014,038	-	12,202,188	2,275,375	26,491,601
FUND BALANCES, Ending	\$ 15,146,932	\$ 129,718,187	\$ 16,186,060	\$ 2,142,130	\$ 163,193,309

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

EAGLE COUNTY SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances of Governmental Funds	\$ 136,701,708
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay \$16,167,102 exceeded depreciation expense (\$8,543,038) and disposals (\$7,579) in the current year.	7,616,485
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in property taxes not available as current financial resources.	(393,604)
Repayments of long-term debt are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.	9,000,000
Debt proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items: debt proceeds (\$131,770,000), debt premium (\$22,332,115), and payment to trustee \$8,462,505.	(145,639,610)
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 governmental funds. This amount represents the change in accrued interest payable (\$495,869), amortization of bond premiums \$2,254,204, amortization of loss on debt refunding (\$947,712), change in compensated absences payable (\$1,232), net pension liability (\$122,660,683), pension-related deferred outflows of resources \$82,555,031, and pension-related deferred inflows of resources (\$367,531) in the current year.	<u>(39,663,792)</u>
Change in Net Position of Governmental Activities	\$ <u>(32,378,813)</u>

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

EAGLE COUNTY SCHOOLS

STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2017

	BUSINESS-TYPE ACTIVITIES
	DISTRICT HOUSING
ASSETS	
Current Assets	
Cash and Investments	\$ 792,776
Accounts Receivable	2,685
Total Current Assets	795,461
Long-Term Assets	
Capital Assets, Not Being Depreciated	11,776
Capital Assets, Net of Accumulated Depreciation	59,512
Total Long -Term Assets	71,288
TOTAL ASSETS	866,749
LIABILITIES	
Current Liabilities	
Accrued Salaries and Benefits	4,751
Security Deposits	7,630
TOTAL LIABILITIES	12,381
NET POSITION	
Net Investment in Capital Assets	71,288
Unrestricted	783,080
TOTAL NET POSITION	\$ 854,368

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

EAGLE COUNTY SCHOOLS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2017

	BUSINESS-TYPE ACTIVITIES
	DISTRICT HOUSING
OPERATING REVENUES	
Rental Income	\$ 127,184
OPERATING EXPENSES	
Salaries	24,087
Employee Benefits	8,481
Purchased Services	49,188
Supplies and Materials	30,128
Depreciation	13,648
TOTAL OPERATING EXPENSES	125,532
CHANGE IN NET POSITION	1,652
NET POSITION, Beginning	852,716
NET POSITION, Ending	\$ 854,368

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

EAGLE COUNTY SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Increase (Decrease) in Cash and Cash Equivalents
Year Ended June 30, 2017

	BUSINESS-TYPE ACTIVITIES DISTRICT HOUSING
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Tenants	\$ 126,636
Cash Paid to Suppliers	(87,797)
Cash Paid to Employees	(21,485)
Net Cash Provided (Used) by Operating Activities	17,354
CASH AND CASH EQUIVALENTS, Beginning	775,422
CASH AND CASH EQUIVALENTS, Ending	\$ 792,776
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Change in Net Position	\$ 1,652
Adjustments to Reconcile Change in Net Position	
Net Cash Provided (Used) by Operating Activities	
Depreciation	13,648
Changes in Assets and Liabilities	
Accounts Receivable	(2,575)
Accrued Salaries and Benefits	2,602
Security Deposits	2,027
Total Adjustments	15,702
Net Cash Provided (Used) by Operating Activities	\$ 17,354

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

EAGLE COUNTY SCHOOLS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
June 30, 2017

	STUDENT ACTIVITY
ASSETS	
Cash and Investments	\$ 1,290,897
Accounts Receivable	<u>356</u>
TOTAL ASSETS	<u><u>1,291,253</u></u>
LIABILITIES	
Due to Student Groups	<u>1,291,253</u>
TOTAL LIABILITIES	\$ <u><u>1,291,253</u></u>

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

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Eagle County Schools (the "district") was formed in 1958 when sixteen independent districts were consolidated into a County-wide district. The district provides educational services and is governed by an elected Board of Education with seven members.

The accounting policies of the district conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the district, organizations for which the district is financially accountable and organizations that raise and hold economic resources for the direct benefit of the district. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the district. In addition, any legally separate organizations for which the district is financially accountable are considered part of the reporting entity. Financial accountability exists if the district appoints a voting majority of the organization's governing board or if the organization is fiscally dependent, and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the district.

Based on the application of these criteria, the district includes a charter school within its reporting entity. The charter school is a public school authorized by State statutes to provide alternatives for parents, pupils and teachers. The charter school is fiscally accountable to the district and their exclusion would render the district's financial statements misleading. Since the charter school has a separately elected board, the charter school is discretely presented in the financial statements. Separate financial statements may be obtained by contacting the school individually at the following address:

Eagle County Charter Academy
1105 Miller Ranch Road
Edwards, Colorado 81632

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the district and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements. Exceptions to this general rule are charges for inter-fund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the district is financially accountable.

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government-wide and Fund Financial Statements *(continued)*

The statement of activities demonstrates the degree to which the direct expenses of the given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the district considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the district.

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, are recorded only when payment is due.

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement Focus, Basis of Accounting, and Financial Statement Presentation *(continued)*

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 the fund's principal ongoing operations. Operating expenses for enterprise funds include the 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.

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

In the fund financial statements, the district reports the following major governmental funds:

The General Fund is the district's primary operating fund. It accounts for all financial resources of the district, except those accounted for in another fund. Major revenue sources include local property taxes, specific ownership (personal property) taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended. Expenditures include all costs associated with the daily operation of the schools, except for programs funded by grants from federal and state governments, certain capital outlay expenditures, debt service, food service operations, transportation operations, district housing and other pupil activities.

The Building Fund is used to account for the acquisition of sites, buildings, equipment and vehicles. Eagle County Schools only reports expenditures related to bond projects in this fund.

The Bond Redemption Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs. The fund's primary revenue source is local property taxes levied specifically for debt service.

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement Focus, Basis of Accounting, and Financial Statement Presentation *(continued)*

Additionally, the district reports the following fund types:

Proprietary Funds – These funds focus on the determination of the changes in fund net position, financial position, and cash flows and are classified as either enterprise or internal service. Enterprise Funds may be used to account for any activity for which a fee is charged to external users for goods or services. The District has one enterprise fund which is the District Housing Fund used to account for the rental and maintenance of housing provided to district employees.

Fiduciary Fund – The District's only agency fund is the Student Activity Fund. The Agency Fund is used to account for resources used to support each District's student and fundraising activities. The district holds all resources in a purely custodial capacity.

Assets, Liabilities and Fund Equity

Cash and Investments - The district utilizes the pooled cash concept whereby cash balances of each of the district's funds are pooled and invested by the district. It is the intention of the investment pool to maximize interest income, and securities are selected according to their risk, marketability, and diversification.

For purposes of the statement of cash flows, the district considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Investments in pooled cash are considered to be cash equivalents.

Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied in the current year but not received at year end are reported as taxes receivable and are presented net of an allowance for uncollectible taxes of 1% of the total levy.

Inventories - Materials and supplies inventories are stated using the first-in/first-out (FIFO) method. Nutrition Services Fund inventories consist of purchased and donated commodities. Donated commodities, received at no cost under a program supported by the federal government, are valued based upon the cost furnished by the federal government.

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Assets, Liabilities and Fund Equity *(continued)*

Capital Assets - Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment of the district is depreciated using the straight line method over the following estimated useful lives.

Buildings and Improvements	15-30 years
Vehicles	7-13 years
Equipment	5-20 years

Accrued Salaries and Benefits - Salaries and benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, at June 30, are reflected as a liability in the accompanying financial statements.

Unearned Revenues - Unearned revenues include grant funds that have been collected but the corresponding expenditures have not been incurred.

Compensated Absences - Employees of the district are allowed to accumulate unused vacation and sick time based on their length of employment and classification, up to a maximum of 240 hours of vacation time and 100 hours of sick time. Accumulated vacation time vests immediately, and sick time vests after 20 years of employment. These compensated absences are paid at termination.

These compensated absences are recognized as expenses/expenditures when earned in the proprietary funds and when due in the governmental funds. A long-term liability has been reported in the government-wide financial statements for the accrued compensated absences.

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Assets, Liabilities and Fund Equity *(continued)*

Long-Term Debt - In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Pensions - The district participates in the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). 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 SDTF have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the SDTF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - In the governmental fund financial statements, deferred inflows of resources include property taxes earned but not available as current financial resources.

Fund Equity - At the governmental fund financial reporting level, fund equity is classified as *fund balance*. For all other reporting, it is classified as *net position*.

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

Fund Balance - In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the district is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- *Nonspendable fund balance* - Amounts that are not in a spendable form (such as deposits, inventories, and prepaid items) or are required to be maintained intact (such as the corpus of an endowment fund).

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Assets, Liabilities and Fund Equity *(continued)*

- Restricted fund balance - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. These balances include TABOR, debt service and statute-defined special revenue funds.
- Committed fund balance - Amounts constrained to specific purposes through resolution by the board of education are reported as committed. Amounts cannot be used for any other purpose unless the board takes the same action to modify or rescind the commitment.
- Assigned fund balance - Amounts constrained by the district for specific purposes, but is neither restricted nor committed. Through resolution, the board of education has authorized the district's superintendent to assign fund balances. Per district policy, intended use may be expressed by the district's Board of Education and assigned by authorized individuals including the Superintendent or Chief Financial Officer.
- Unassigned fund balance - The residual amount reported when the balances do not meet any of the above criteria. The district reports positive unassigned fund balance only in the general fund. Negative unassigned balances may be reported in all funds.

Fund Balance Policy - The district's policy states that maintaining a fiscal year-end fund balance as an operating reserve in the general fund is a beneficial and sound financial management practice. The Board of Education assigns to the Superintendent or designee the responsibility of accumulating and maintaining a general fund fund balance amounting to 10% of the district's current fiscal year adopted budget or \$10,000,000, whichever is greater at fiscal year-end, as an operating reserve. This amount will include the emergency reserve required by Article X, Section 20 of the Colorado Constitution (Taxpayer's Bill of Rights).

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

Revenues

Property Taxes - Property taxes for a calendar year are certified in arrears on December 10 and attached as a lien on the property the previous January 1. For example, property taxes paid in 2017 are certified to the county in December 2016 and are available for collection on the levy date, January 1, 2017. Property taxes are payable in full by April 30 or in two equal installments due February 28 and June 15. Property tax receipts collected by the county are generally remitted to the district in the subsequent month.

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

State Revenues - The district receives unrestricted state equalization revenues as required by State statutes.

Interest Income - Interest income earned on pooled cash is recorded as revenue in the General Fund. Interest income earned in the Bond Redemption Fund, Building Fund, Capital Reserve Fund and the Agency Fund is recorded when earned in the related fund.



Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2: CASH AND INVESTMENTS

At June 30, 2017, the district had the following cash and investments:

Cash on Hand	\$ 1,400
Deposits	5,607,040
Investments	171,011,664
Total	<u>\$ 176,620,104</u>

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

Cash and Investments	\$ 40,223,388
Restricted Cash and Investments	135,105,819
Agency fund Cash and Investments	1,290,897
	<u>\$ 176,620,104</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows 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 uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2017, the district had bank deposits of \$5,598,615 collateralized with securities held by the financial institution's agent but not in the district's name.



Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2: CASH AND INVESTMENTS *(continued)*

Investments

The district is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

Interest Rate Risk - State statutes generally limit the maturity date of investment securities to five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - The district has no policy toward credit risk other than to follow State statutes which limit certain investments to those with at least two credit ratings at or above "A" or its equivalent from nationally recognized statistical rating organizations. If it is a general obligation of this state or of any political subdivision, institution, department, agency, instrumentality, or authority of this state or carries at least two credit ratings at or above "AA" or its equivalent from such organizations.

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

Local Government Investment Pool – At June 30, 2017, the district had \$171,011,664 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. The pool operated in conformity with the Securities and Exchange Commission's Rule 2a-7. Colotrust is measured at the net asset value per share, with each share equal in value to \$1.00.

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2: CASH AND INVESTMENTS *(continued)*

Colotrust is rated AAAm by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

At June 30, 2017, the Building and Capital Reserve funds held cash and investments of \$134,657,508 and \$448,311, respectively, representing unspent debt proceeds restricted for capital projects.



Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 3: CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2017, is summarized below.

Eagle County School District
Capital Asset Summary
6/30/2017

	Balances 6/30/2016	Additions	Reductions	Balances 6/30/2017
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 11,300,761	\$ 2,031,408	\$ -	\$ 13,332,169
Construction in Progress	-	8,907,486	-	8,907,486
Total Capital Assets, Not Being Depreciated	11,300,761	10,938,894	-	22,239,655
Capital Assets, Being Depreciated				
Buildings and Improvements	264,660,004	4,068,900	-	268,728,904
Equipment and Vehicles	12,813,710	1,159,308	479,748	13,493,270
Total Capital Assets, Being Depreciated	277,473,714	5,228,208	479,748	282,222,174
Less Accumulated Depreciation For				
Buildings and Improvements	128,555,733	8,121,426	-	136,677,159
Equipment and Vehicles	11,291,082	421,612	472,169	11,240,525
Total Accumulated Depreciation	139,846,815	8,543,038	472,169	147,917,684
Total Capital Assets, Being Depreciated, Net	137,626,899	(3,314,830)	7,579	134,304,490
Governmental Activities Capital Assets, Net	\$ 148,927,660	\$ 7,624,064	\$ 7,579	\$ 156,544,145
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 11,776	-	-	\$ 11,776
Capital Assets, Being Depreciated				
Buildings and Improvements	803,498	-	-	803,498
Less Accumulated Depreciation For				
Buildings and Improvements	730,338	13,648	-	743,986
Total Capital Assets, Being Depreciated, Net	73,160	(13,648)	-	59,512
Business Type Activities Capital Assets, Net	\$ 84,936	\$ (13,648)	\$ -	\$ 71,288

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

Governmental Activities:	
Instruction	5,980,127
Supporting Services	2,562,911
Total	\$ 8,543,038

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 4: SHORT-TERM DEBT

During the year ended June 30, 2017, the District borrowed \$20,377,460 from the State-sponsored interest-free loan program to provide cash flow throughout the fiscal year. The loan was paid in full in May 2017, from property taxes received in February and March.

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions of the district for the year ended June 30, 2017.

	Balances 6/30/16	Additions	Reductions	Balances 6/30/17	Due Within One Year
Governmental Activities					
General Obligation Bonds					
2013 Refunding Bonds	\$ 101,875,000	\$ -	\$ -	\$ 101,875,000	\$ 3,070,000
Bond Premium	14,518,366	-	1,319,851	13,198,515	-
2009 Refunding Bonds	5,575,000	-	1,775,000	3,800,000	1,855,000
Bond Premium	295,785	-	147,893	147,892	-
2007 Refunding Bonds	2,950,000	-	2,950,000	-	-
Bond Premium	146,642	-	146,642	-	-
2005 Refunding Bonds	12,855,000	-	4,075,000	8,780,000	4,280,000
Bond Premium	511,766	-	170,559	341,207	-
2017 Refunding Bonds	-	131,770,000	-	131,770,000	-
Bond Premium	-	22,332,115	469,259	21,862,856	-
Total General Obligation Bonds	138,727,559	154,102,115	11,054,204	281,775,470	9,205,000
2010 Certificates of Participation	7,585,000	-	7,585,000	-	-
COPs Premium	173,585	-	173,585	-	-
Compensated Absences	955,576	524,516	523,284	956,808	114,817
Total Governmental Activities	<u>\$ 147,441,720</u>	<u>\$ 154,626,631</u>	<u>\$ 19,336,073</u>	<u>\$ 282,732,278</u>	<u>\$ 9,319,817</u>

Compensated absences of the governmental activities are expected to be liquidated with revenues of the General Fund.

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the district. The district issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These bonds have been issued for governmental activities. Individual bond issue information is listed below:

- 131,770,000 General Obligation Refunding Bonds, Series 2017, were issued to refund the outstanding Certificates of Participation, construct new school facilities and provide for other capital improvement projects. Principal payments are due annually on December 1, 2027, through 2036. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at 5% per annum.

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5: LONG-TERM DEBT *(continued)*

General Obligation Bonds *(continued)*

- \$102,245,000 General Obligation Refunding Bonds, Series 2013, were issued to refund a portion of the outstanding General Obligation Bonds, Series 2007. Principal payments are due annually beginning December 1, 2017 through 2026. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 2% to 5% per annum.
- \$13,800,000 General Obligation Refunding Bonds, Series 2009, were issued to refund a portion of the outstanding General Obligation Improvement and Refunding Bonds, Series 1999. Principal payments are due annually on December 1, through 2018. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 2.25% to 5% per annum.
- \$128,370,000 General Obligation Bonds, Series 2007, were issued to construct new school facilities and provide for other capital improvements projects. Principal payments were due annually on December 1, 2013, through 2016. Interest payments were due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 4.5% to 5% per annum. During the year ended June 30, 2017, the bonds were paid in full.
- \$33,870,000 General Obligation Refunding Bonds, Series 2005, were issued to refund a portion of the General Obligation Improvement and Refunding Bonds, Series 1999. Principal payments are due annually on December 1, through 2018. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 3.5% to 5% per annum.

Bond payments, to maturity, are as follows.

Year Ended June 30,	Principal	Interest	Total
2018	\$ 9,205,000	11,474,963	20,679,963
2019	9,665,000	11,014,932	20,679,932
2020	10,130,000	10,547,425	20,677,425
2021	10,605,000	10,050,750	20,655,750
2022	11,120,000	9,517,850	20,637,850
2023-2027	63,730,000	39,555,662	103,285,662
2028-2032	62,775,000	25,401,625	88,176,625
2033-2037	68,995,000	7,902,375	76,897,375
	<u>\$ 246,225,000</u>	<u>\$ 125,465,582</u>	<u>\$ 371,690,582</u>

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5: LONG-TERM DEBT *(continued)*

General Obligation Bonds *(continued)*

In September, 2010, the District issued \$4,995,000 Certificates of Participation, Series 2010A and \$6,525,000 Certificates of Participation, 2010B, used to finance the demolition of the Meadow Mountain Elementary School and the renovation of the former Battle Mountain High School. Principal payments on the Series 2010A were due annually beginning December 1, 2010, through 2040. Interest accrued at rates ranging from 2% to 4.75% per annum and were due semi-annually on June 1 and December 1. Principal payments on the Series 2010B debt were due annually beginning December 1, 2025 through 2040. Interest accrued at rates ranging from 5.13% to 6.0% per annum and were due semi-annually on June 1 and December 1. The Series 2010B Certificates of Participation were issued as Build America Bonds whereby the District would receive a subsidy from the United States Treasury equal to 35% of each interest payment.

Defeased Debt

In February, 2017, proceeds of the General Obligation Bonds, Series 2017, in the amount of \$8,462,505 were deposited in an irrevocable trust with an escrow agent to provide for the future debt service requirements of \$7,385,000 of the Certificates of Participation 2010A and 2010B. The refunding resulted in an accounting loss of \$903,920, and a minimal economic loss (the difference between the present values of the old and new debt service payments). As a result the refunded bonds are considered defeased and the liability has been removed from the financial statements. The outstanding balance of the defeased debt at June 30, 2017, was \$7,385,000.

In June, 2013, proceeds of the General Obligation Refunding Bonds, Series 2013, in the amount of \$119,849,331 were deposited in an irrevocable trust with an escrow agent to provide for the future debt service requirements of \$103,590,000 of the General Obligation Refunding Bonds, Series 2007. As a result the refunded bonds are considered defeased and the liability has been removed from the financial statements. The outstanding balance of the defeased debt was called and paid on December 1, 2016.

NOTE 6: INTERFUND TRANSFERS

Transfers In	Transfers Out	
Building Fund	Capital Reserve Fund	\$ 841,879
Nutrition Services Fund	General Fund	93,865
Capital Reserve Fund	General Fund	1,669,740
Transportation Fund	General Fund	723,141
		<u>\$ 3,328,625</u>

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 6: INTERFUND TRANSFERS *(continued)*

The Capital Reserve Fund transferred debt service reserves to the Building Fund in connection with the debt refunding of the district's certificates of participation. The General Fund transfers a portion of its funding to the Capital Reserve Fund to be used for capital purposes. The General Fund subsidized the student transportation program reported in the Transportation Fund and the food services operations reported in the Nutrition Services Fund.

NOTE 7: RISK MANAGEMENT

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The district accounts for and finances its risk activities in the General Fund.

The district purchases commercial insurance for worker compensation risks. For its risk of property loss or damage and general liability, the District participates in the Colorado School Districts Self-Insurance Pool (CSDSIP).

Colorado School Districts Self Insurance Pool

The CSDSIP is sponsored by the Colorado Association of School Boards (CASB) and operates as a self-insurance pool comprised of various school districts and other related public educational entities within the State of Colorado. The CSDSIP is administered by the Pool Board. The district pays an annual premium to the CSDSIP for various types of property and liability insurance coverage. The Pool Agreement provides that the CSDSIP will be self-sustaining through member premiums and will reinsure through a duly authorized insurer. The reinsurance covers claims against the CSDSIP in excess of specific claim amounts and in the aggregate in an amount and at limits determined by the CSDSIP to be adequate to protect the solvency of the CSDSIP. The district did not have any significant reductions in insurance coverage in the prior year, nor did it have any insurance settlements exceed insurance coverage in the past three years.

NOTE 8: JOINTLY GOVERNED ORGANIZATION

The District, in conjunction with other surrounding Districts, created the Mountain Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts services at a shared lower cost per district. The BOCES board is comprised of one member from each participating district. The BOCES financial statements can be obtained at their administrative offices located at 1713 Mount Lincoln Drive West, Leadville, Colorado 80641. During the year ended June 30, 2017, the District paid \$7,790 to the BOCES.

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN

General Information

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

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

Retirees may elect to withdraw their contributions upon termination of employment, and may be eligible to receive a matching amount if five years of service credit is earned and certain other criteria is met. Retirees who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs) as established by State statutes. Retirees who began employment before January 1, 2007, receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average consumer price index for the prior calendar year. Retirees that began employment after January 1, 2007, receive an annual increase of the lesser of 2% or the average consumer price index for the prior calendar year, with certain limitations.

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

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

Contributions - The District and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees is 8% of covered salaries. The District's contribution rate for calendar years 2016 and 2017 was 19.15% and 19.65% of covered salaries, respectively. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 10). The District's contributions to the SDTF for the year ended June 30, 2017, were \$8,196,242, equal to the required contributions.

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN *(continued)*

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

At June 30, 2017, the District reported a net pension liability of \$255,376,474, representing its proportionate share of the net pension liability of the SDTF. The net pension liability was measured at December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll-forward the total pension liability to December 31, 2016.

The District's proportion of the net pension liability was based on the District's contributions to the SDTF for the calendar year ended December 31, 2016, relative to the contributions of all participating employers. At December 31, 2016, the District's proportion was .8577202083%, which was a decrease of 0.0100268841% from its proportion measured at December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$48,723,961. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	3,205,172	\$ 2,278
Changes of assumptions and other inputs	82,864,337	1,165,089
Net difference between projected and actual earnings on plan investments	8,635,534	-
Changes in proportion	268,602	1,108,644
Contributions subsequent to the measurement date	5,487,674	-
Total	<u>\$ 100,461,319</u>	<u>\$ 2,276,011</u>

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN *(continued)*

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

District contributions subsequent to the measurement date of \$5,487,674 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

Year Ended June 30,	
2018	\$ 37,248,170
2019	37,002,357
2020	18,361,929
2021	85,178
Total	<u>\$ 92,697,634</u>

Actuarial Assumptions – The actuarial valuation as of December 31, 2015 determined the total pension liability using the following actuarial assumptions and other inputs. On November 18, 2016, PERA's governing board adopted revised economic and demographic assumptions, which were effective on December 31, 2016, and which were reflected in the roll-forward calculation of the total pension liability from December 31, 2015, to December 31, 2016, as follows:

	<u>Assumptions</u>	<u>Revised Assumptions</u>
Price Inflation	2.8%	2.4%
Real wage growth	1.1%	1.1%
Wage Inflation	3.9%	3.5%
Salary increases, including wage inflation	3.9%- 10.1%	3.5%- 9.7%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.5%	7.3%
Discount Rate	7.5%	5.3%
Future post retirement benefit increases:		
Hired prior to January 1, 2007	2.0%	2.0%
Hired after December 31, 2006	ad hoc	ad hoc

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN *(continued)*

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

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed. The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014. As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016. These revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates. Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows: Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility. Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility. For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN *(continued)*

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>100.00%</u>	

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%.

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN *(continued)*

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

Discount Rate – The discount rate used to measure the total pension liability was 5.26%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the employer contributions will be made at the rates specified in State statutes, which currently require annual increases, to a total of 20.15% of covered salaries for the year ended December 31, 2018. When the actuarially determined funding ratio reaches 103 percent, the employer contribution rate will decrease .5% each year, to a minimum of 10.15%.

Based on the assumptions described previously, the SDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate, defined as the December average of the Bond Buyer General Obligation 20 year Municipal Bond Index, was used in the determination of the discount rate. The long-term expected rate of return of 7.25% on plan investments was applied to all periods through 2041, and the municipal bond index rate was applied to periods after 2041 to develop the discount rate. On the measurement date of December 31, 2016, the municipal bond index rate was 3.86%, resulting in a discount rate of 5.26%. The discount rate at the prior measurement date was 7.5%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the district's proportionate share of the net pension liability calculated using the discount rate of 5.26%, as well as the district's proportionate share of the net pension liability if it were calculated using a discount that is one percentage point lower (4.26%) or one percentage point higher (6.26%) than the current rate, as follows:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net Pension Liability	\$ 321,127,710	\$ 255,376,474	\$ 201,824,473

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

NOTE 10: POSTEMPLOYMENT HEALTHCARE BENEFITS

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

Eagle County Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 10: POSTEMPLOYMENT HEALTHCARE BENEFITS *(continued)*

Funding Policy - The district is required to contribute at a rate of 1.02% of covered salaries for all PERA participants. No employee contributions are required. The contribution requirements for the district are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The district's apportionment to the HCTF for the years ended June 30, 2017, 2016, and 2015 was \$430,454, \$390,919 and \$383,924 respectively, equal to the required amounts for each year.

NOTE 11: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The district participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the district may be required to reimburse the grantor government. At June 30, 2017 significant amounts of grant expenditures have not been audited by the grantor agency, but the district believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the district.

Litigation

The district is a defendant in various pending or threatened litigation. However, the outcome of the litigation cannot be determined at this time.

Tabor Amendment

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

In November 2000, voters within the district authorized the district to collect, retain, and spend the full revenues received by the district from any source effective July 1, 2000, and continuing thereafter as exemptions to the limits which would otherwise apply under the Amendment. The Amendment is subject to many interpretations, but the district believes it is in substantial compliance with the Amendment.

The Amendment requires the district to establish a reserve for emergencies representing 3% of qualifying expenditures. At June 30, 2017, fund balance of \$2,375,000 was restricted in the General Fund to satisfy the reserve requirement.

REQUIRED SUPPLEMENTARY INFORMATION

EAGLE COUNTY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
June 30, 2017

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
District's Proportion of the Net Pension Liability	0.8577202083%	0.8677470924%	0.8680262317%	0.8568952317%
District's Proportionate Share of the Net Pension Liability	\$ 255,376,474	\$ 132,715,791	\$ 117,646,711	\$ 109,296,755
District's Covered Payroll	\$ 38,496,189	\$ 37,816,183	\$ 36,364,064	\$ 34,544,173
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	663%	351%	324%	316%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43%	59%	63%	64%
	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
DISTRICT CONTRIBUTIONS				
Statutorily Required Contribution	\$ 7,765,788	\$ 6,795,954	\$ 6,353,040	\$ 5,667,716
Contributions in Relation to the Statutorily Required Contribution	<u>(7,765,788)</u>	<u>(6,795,954)</u>	<u>(6,353,040)</u>	<u>(5,667,716)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 42,201,383	\$ 38,325,382	\$ 37,639,638	\$ 35,481,967
Contributions as a Percentage of Covered Employee Payroll	18.40%	17.73%	16.88%	15.97%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS
**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2017**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 40,563,185	\$ 47,955,358	\$ 48,221,931	\$ 266,573
Specific Ownership Taxes	2,972,250	3,113,001	3,086,534	(26,467)
Delinquent Taxes, Penalties and Interest	-	-	67,639	67,639
Tuition and Fees	780,957	867,717	941,182	73,465
Pupil Activities	656,300	680,290	781,864	101,574
Charter School Services	445,000	495,771	526,470	30,699
Investment Income	25,000	125,000	153,394	28,394
Other	1,163,583	921,947	1,136,521	214,574
Total Local Sources	<u>46,606,275</u>	<u>54,159,084</u>	<u>54,915,535</u>	<u>756,451</u>
State Sources				
State Equalization	16,695,159	17,204,481	17,268,541	64,060
Special Education	1,130,000	1,159,703	1,446,132	286,429
English Language Proficiency Act (ELPA)	880,155	327,890	799,153	471,263
Other	480,197	436,620	496,581	59,961
Total State Sources	<u>19,185,511</u>	<u>19,128,694</u>	<u>20,010,407</u>	<u>881,713</u>
Federal Sources				
Grants	<u>515,286</u>	<u>536,267</u>	<u>536,267</u>	<u>-</u>
TOTAL REVENUES	<u>66,307,072</u>	<u>73,824,045</u>	<u>75,462,209</u>	<u>1,638,164</u>
EXPENDITURES				
Salaries	37,766,411	41,730,742	40,749,499	981,243
Employee Benefits	13,364,427	14,521,127	14,601,371	(80,244)
Purchased Services	5,812,710	6,204,054	5,721,408	482,646
Supplies and Materials	4,430,321	5,452,225	4,310,492	1,141,733
Property	158,020	174,337	138,672	35,665
Other	746,895	768,687	962,959	(194,272)
Charter School	3,030,640	3,432,845	3,358,168	74,677
TOTAL EXPENDITURES	<u>65,309,424</u>	<u>72,284,017</u>	<u>69,842,569</u>	<u>2,441,448</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	997,648	1,540,028	5,619,640	4,079,612
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,510,000)</u>	<u>(2,466,746)</u>	<u>(2,486,746)</u>	<u>(20,000)</u>
NET CHANGE IN FUND BALANCE	(512,352)	(926,718)	3,132,894	4,059,612
FUND BALANCE, Beginning	<u>11,020,810</u>	<u>12,014,038</u>	<u>12,014,038</u>	<u>-</u>
FUND BALANCE, Ending	\$ <u>10,508,458</u>	\$ <u>11,087,320</u>	\$ <u>15,146,932</u>	\$ <u>4,059,612</u>

See the accompanying Independent Auditors' Report.

Eagle County Schools
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

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

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

Changes in Assumptions and Other Inputs

For the year ended June 30, 2017, the total pension liability was determined by an actuarial valuation as of December 31, 2015. In addition, the following revised economic and demographic assumptions were effective as of December 31, 2016, and were reflected in the roll-forward procedures to determine the total pension liability at December 31, 2016.

- Investment rate of return assumption decreased from 7.5% per year, compounded annually, net of investment expenses, to 7.25%.
- Price inflation assumption decreased from 2.8% per year to 2.4%.
- Real rate of investment return assumption increased from 4.7% per year, net of investment expenses, to 4.85%.
- Wage inflation assumption decreased from 3.9% per year to 3.5%.
- Healthy and disables mortality assumptions are based on the RP-2014 Mortality Tables, updated from the RP-2000 Mortality Tables.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The district follows the following procedures in establishing the budgetary data reflected in the financial statements:

- In March, the superintendent submits to the board of education a preliminary proposed budget for the period commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at regular board of education meetings to obtain taxpayer comments.
- In June, the budget is legally adopted by the board of education.
- In December, a revised budget is legally adopted by the board of education.

Eagle County Schools
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets (continued)

Colorado Budget Law requires that all funds have legally adopted budgets and appropriations. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP"). Total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased provided they are offset by unanticipated revenue. All appropriations lapse at the end of each fiscal year. Authorization to transfer budget amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the superintendent. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the board of education.

Legal Compliance

For the year ended June 30, 2017, expenditures of the Transportation Fund exceeded the amount budgets by \$328,437. This may be a violation of the Budget Law.



Supplementary Information
Combining and Individual Fund Financial Statements and Schedules

NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017

	NUTRITION SERVICES	GOVERNMENT DESIGNATED - PURPOSE GRANTS	CAPITAL RESERVE	TRANSPORTATION	TOTAL
ASSETS					
Cash and Investments	\$ 370,619	\$ 383,047	\$ 1,219,643	\$ 28,228	\$ 2,001,537
Restricted Cash and Investments	-	-	448,311	-	448,311
Accounts Receivable	2,356	-	-	31,376	33,732
Taxes Receivable	-	-	-	43,590	43,590
Grants Receivable	36,663	260,008	-	-	296,671
Inventories	84,545	-	-	-	84,545
TOTAL ASSETS	\$ 494,183	\$ 643,055	\$ 1,667,954	\$ 103,194	\$ 2,908,386
LIABILITIES					
Accrued Liabilities	\$ -	\$ -	\$ -	\$ 88,565	\$ 88,565
Accrued Salaries and Benefits	25,341	312,222	-	-	337,563
Unearned Revenues	-	330,833	-	-	330,833
TOTAL LIABILITIES	25,341	643,055	-	88,565	756,961
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	-	-	-	9,295	9,295
FUND BALANCES					
Nonspendable Inventories	84,545	-	-	-	84,545
Restricted for Capital Outlay	-	-	448,311	-	448,311
Assigned to Capital Outlay	-	-	1,219,643	-	1,219,643
Assigned to Transportation	-	-	-	5,334	5,334
Assigned to Nutrition Services	384,297	-	-	-	384,297
TOTAL FUND BALANCES	468,842	-	1,667,954	5,334	2,142,130
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 494,183	\$ 643,055	\$ 1,667,954	\$ 103,194	\$ 2,908,386

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2017

	NUTRITION SERVICES	GOVERNMENT DESIGNATED - PURPOSE GRANTS	CAPITAL RESERVE	TRANSPORTATION	TOTAL
REVENUES					
Local Sources	\$ 649,555	\$ 443,250	\$ 46,580	\$ 1,790,189	\$ 2,929,574
State Sources	38,517	271,802	-	436,461	746,780
Federal Sources	1,239,781	2,774,071	-	-	4,013,852
TOTAL REVENUES	<u>1,927,853</u>	<u>3,489,123</u>	<u>46,580</u>	<u>2,226,650</u>	<u>7,690,206</u>
EXPENDITURES					
Current					
Instruction	-	2,233,525	-	-	2,233,525
Supporting Services	1,964,650	1,255,598	-	3,003,104	6,223,352
Capital Outlay	-	-	1,011,441	-	1,011,441
TOTAL EXPENDITURES	<u>1,964,650</u>	<u>3,489,123</u>	<u>1,011,441</u>	<u>3,003,104</u>	<u>9,468,318</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(36,797)</u>	<u>-</u>	<u>(964,861)</u>	<u>(776,454)</u>	<u>(1,778,112)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	93,865	-	1,669,740	723,141	2,486,746
Transfers Out	-	-	(841,879)	-	(841,879)
TOTAL OTHER FINANCIAL SOURCES (USES)	<u>93,865</u>	<u>-</u>	<u>827,861</u>	<u>723,141</u>	<u>1,644,867</u>
NET CHANGE IN FUND BALANCES	57,068	-	(137,000)	(53,313)	(133,245)
FUND BALANCES, Beginning	<u>411,774</u>	<u>-</u>	<u>1,804,954</u>	<u>58,647</u>	<u>2,275,375</u>
FUND BALANCES, Ending	<u>\$ 468,842</u>	<u>\$ -</u>	<u>\$ 1,667,954</u>	<u>\$ 5,334</u>	<u>\$ 2,142,130</u>

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS
BUDGETARY COMPARISON SCHEDULE
NUTRITION SERVICES FUND
Year Ended June 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Charges for Services				
Student Lunches	\$ 563,434	\$ 653,434	\$ 649,555	\$ (3,879)
State Sources	50,500	50,500	38,517	(11,983)
Federal Sources				
Donated Commodities	90,000	90,000	146,340	56,340
National School Lunch Program	960,000	982,800	927,146	(55,654)
School Breakfast Program	130,000	130,000	129,632	(368)
Summer Food Service Program	-	22,800	36,663	13,863
TOTAL REVENUES	<u>1,793,934</u>	<u>1,929,534</u>	<u>1,927,853</u>	<u>(1,681)</u>
EXPENDITURES				
Salaries	752,584	823,885	820,741	3,144
Employee Benefits	282,352	304,916	342,091	(37,175)
Purchased Services	12,000	12,300	6,380	5,920
Donated Commodities	90,000	90,000	146,340	(56,340)
Supplies and Materials	703,600	721,565	625,519	96,046
Other	24,600	42,500	23,579	18,921
TOTAL EXPENDITURES	<u>1,865,136</u>	<u>1,995,166</u>	<u>1,964,650</u>	<u>30,516</u>
OTHER FINANCING SOURCES				
Transfers In	<u>-</u>	<u>93,865</u>	<u>93,865</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(71,202)	28,233	57,068	28,835
FUND BALANCE, Beginning	<u>250,212</u>	<u>411,774</u>	<u>411,774</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 179,010</u>	<u>\$ 440,007</u>	<u>\$ 468,842</u>	<u>\$ 28,835</u>

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GOVERNMENT DESIGNATED-PURPOSE GRANTS FUND
Year Ended June 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Grants	\$ 1,378,980	\$ 1,378,980	\$ 443,250	\$ (935,730)
State Grants	54,700	54,700	271,802	217,102
Federal Grants	<u>2,598,797</u>	<u>2,598,797</u>	<u>2,774,071</u>	<u>175,274</u>
TOTAL REVENUES	<u>4,032,477</u>	<u>4,032,477</u>	<u>3,489,123</u>	<u>(543,354)</u>
EXPENDITURES				
Salaries	1,906,392	2,177,311	1,996,268	181,043
Employee Benefits	555,446	724,099	580,657	143,442
Purchased Services	730,882	510,935	390,604	120,331
Supplies and Materials	839,757	470,132	216,578	253,554
Other	-	-	139,160	(139,160)
Indirect Costs	<u>-</u>	<u>150,000</u>	<u>165,856</u>	<u>(15,856)</u>
TOTAL EXPENDITURES	<u>4,032,477</u>	<u>4,032,477</u>	<u>3,489,123</u>	<u>543,354</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION FUND
Year Ended June 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,008,432	\$ 8,432
Specific Ownership Taxes	50,000	50,000	50,358	358
Charges for Services	630,000	630,000	731,399	101,399
State Sources				
Transportation Funding	440,070	440,070	436,461	(3,609)
TOTAL REVENUES	<u>2,120,070</u>	<u>2,120,070</u>	<u>2,226,650</u>	<u>106,580</u>
EXPENDITURES				
Operations and Maintenance	45,100	45,100	35,554	9,546
Transportation	2,518,520	2,518,520	2,876,057	(357,537)
Training Services	80,010	111,047	91,493	19,554
TOTAL EXPENDITURES	<u>2,643,630</u>	<u>2,674,667</u>	<u>3,003,104</u>	<u>(328,437)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(523,560)	(554,597)	(776,454)	(221,857)
OTHER FINANCING SOURCES				
Transfers In	<u>510,000</u>	<u>703,141</u>	<u>723,141</u>	<u>20,000</u>
NET CHANGE IN FUND BALANCE	(13,560)	148,544	(53,313)	(201,857)
FUND BALANCE, Beginning	<u>22,803</u>	<u>58,647</u>	<u>58,647</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 9,243</u>	<u>\$ 207,191</u>	<u>\$ 5,334</u>	<u>\$ (201,857)</u>

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS
BUDGETARY COMPARISON SCHEDULE
BOND REDEMPTION FUND
Year Ended June 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 14,501,514	\$ 20,032,969	\$ 20,032,037	\$ (932)
Delinquent Taxes, Penalties and Interest	-	-	25,235	25,235
TOTAL REVENUES	<u>14,501,514</u>	<u>20,032,969</u>	<u>20,057,272</u>	<u>24,303</u>
EXPENDITURES				
Debt Service				
Principal	8,800,000	8,800,000	8,800,000	-
Interest and Fiscal Charges	<u>5,335,338</u>	<u>10,890,793</u>	<u>7,273,400</u>	<u>3,617,393</u>
TOTAL EXPENDITURES	<u>14,135,338</u>	<u>19,690,793</u>	<u>16,073,400</u>	<u>3,617,393</u>
NET CHANGE IN FUND BALANCE	366,176	342,176	3,983,872	3,641,696
FUND BALANCE, Beginning	<u>12,006,757</u>	<u>12,202,188</u>	<u>12,202,188</u>	<u>-</u>
FUND BALANCE, Ending	\$ <u>12,372,933</u>	\$ <u>12,544,364</u>	\$ <u>16,186,060</u>	\$ <u>3,641,696</u>

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS
BUDGETARY COMPARISON SCHEDULE
BUILDING FUND
Year Ended June 30, 2017

	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources			
Investment Income	\$ -	\$ 555,574	\$ 555,574
Other	-	32,898	32,898
Federal Sources			
Build America Bonds Interest Subsidy	61,073	61,073	-
TOTAL REVENUES	<u>61,073</u>	<u>649,545</u>	<u>588,472</u>
EXPENDITURES			
Capital Outlay	26,000,000	16,017,548	9,982,452
Debt Service			
Principal	-	200,000	(200,000)
Interest and Fiscal Charges	468,921	207,538	261,383
Debt Issuance Costs	-	987,761	(987,761)
TOTAL EXPENDITURES	<u>26,468,921</u>	<u>17,412,847</u>	<u>9,056,074</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(26,407,848)</u>	<u>(16,763,302)</u>	<u>9,644,546</u>
OTHER FINANCING SOURCES (USES)			
Debt Issued	127,880,000	131,770,000	3,890,000
Debt Premium	21,074,578	22,332,115	1,257,537
Payment to Escrow Agent	(8,498,395)	(8,462,505)	35,890
Transfers In	-	841,879	841,879
NET CHANGE IN FUND BALANCE	<u>140,456,183</u>	<u>146,481,489</u>	<u>6,025,306</u>
CHANGE IN FUND BALANCE	114,048,335	129,718,187	15,669,852
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 114,048,335</u>	<u>\$ 129,718,187</u>	<u>\$ 15,669,852</u>

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS
BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
Year Ended June 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Investment Income	\$ -	\$ -	\$ 2,498	\$ 2,498
Other	173,220	33,260	44,082	10,822
TOTAL REVENUES	173,220	33,260	46,580	13,320
EXPENDITURES				
Capital Outlay	534,912	2,007,954	1,011,441	996,513
Debt Service				
Interest and Fiscal Charges	607,028	-	-	-
TOTAL EXPENDITURES	1,141,940	2,007,954	1,011,441	996,513
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(968,720)	(1,974,694)	(964,861)	1,009,833
OTHER FINANCING SOURCES (USES)				
Transfers In	1,000,000	1,669,740	1,669,740	-
Transfers Out	-	-	(841,879)	(841,879)
TOTAL OTHER FINANCING SOURCES (USES)	1,000,000	1,669,740	827,861	(841,879)
NET CHANGE IN FUND BALANCE	31,280	(304,954)	(137,000)	167,954
FUND BALANCE, Beginning	-	1,804,954	1,804,954	-
FUND BALANCE, Ending	\$ 31,280	\$ 1,500,000	\$ 1,667,954	\$ 167,954

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS
BUDGETARY COMPARISON SCHEDULE
DISTRICT HOUSING FUND
Year Ended June 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Rental Income	\$ 132,650	\$ 132,650	\$ 127,184	\$ (5,466)
TOTAL REVENUES	<u>132,650</u>	<u>132,650</u>	<u>127,184</u>	<u>(5,466)</u>
EXPENSES				
Salaries	28,950	28,950	24,087	4,863
Employee Benefits	10,150	10,150	8,481	1,669
Purchased Services	76,000	76,000	49,188	26,812
Supplies and Materials	34,000	34,000	30,128	3,872
Depreciation	28,000	28,000	13,648	14,352
TOTAL EXPENSES	<u>177,100</u>	<u>177,100</u>	<u>125,532</u>	<u>51,568</u>
INCOME (LOSS) BEFORE TRANSFERS	(44,450)	(44,450)	1,652	46,102
NET POSITION, Beginning	<u>818,146</u>	<u>852,716</u>	<u>852,716</u>	<u>-</u>
NET POSITION, Ending	\$ <u>773,696</u>	\$ <u>808,266</u>	\$ <u>854,368</u>	\$ <u>46,102</u>

See the accompanying Independent Auditors' Report.

EAGLE COUNTY SCHOOLS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
STUDENT ACTIVITY
Year Ended June 30, 2017

	BALANCES 6/30/2016	ADDITIONS	DEDUCTIONS	BALANCES 6/30/2017
ASSETS				
Cash and Investments	\$ 1,189,666	\$ 902,938	\$ 801,707	\$ 1,290,897
Accounts Receivable	4,401	356	4,401	356
TOTAL ASSETS	<u>\$ 1,194,067</u>	<u>\$ 903,294</u>	<u>\$ 806,108</u>	<u>\$ 1,291,253</u>
LIABILITIES				
Due to Student Groups	<u>\$ 1,194,067</u>	<u>\$ 903,294</u>	<u>\$ 806,108</u>	<u>\$ 1,291,253</u>

See the accompanying Independent Auditors' Report.

STATISTICAL SECTION



This section of the District’s comprehensive annual financial report presents detailed information to provide readers of the financial statements, note disclosures, and required supplementary schedules an additional understanding with regard to the District’s overall financial health.

Contents:

Financial Trends

The schedules contain trend information to help the reader understand how the District’s financial performance and well being have changed over time.....88-97

Revenue Capacity

The schedules contain information to help the reader assess the District’s most significant local and state revenue sources.....98-103

Debt Capacity

The schedules 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.....104-108

Demographic and Economic Information

The schedules offer demographic and economic indicators to help the reader understand the environment with which the District’s financial activities take place.....109-110

Operating Information

The schedules contain information to help the reader understand the staffing of the District, student population it serves, and capital asset data.....111-115

EAGLE COUNTY SCHOOLS
Net Position by Component
Last Ten Fiscal Years

	2008	2009	2010	2011	2012
Governmental activities					
Net Investment in Capital Assets	\$ 25,396,437	\$ 31,051,569	\$ 21,142,826	\$ 15,745,542	\$ 9,797,454
Restricted	11,561,732	11,680,649	13,211,059	14,456,158	14,558,291
Unrestricted	9,642,870	5,558,406	10,972,742	8,758,457	10,531,879
Total governmental activities net position	<u>\$ 46,601,039</u>	<u>\$ 48,290,624</u>	<u>\$ 45,326,627</u>	<u>\$ 38,960,157</u>	<u>\$ 34,887,624</u>
Business-type activities					
Net Investment in Capital Assets	\$ 301,072	\$ 809,505	\$ 797,478	\$ 737,996	\$ 746,240
Restricted	-	-	-	-	-
Unrestricted	169,996	213,221	186,355	222,520	332,518
Total business-type activities net position	<u>\$ 471,068</u>	<u>\$ 1,022,726</u>	<u>\$ 983,833</u>	<u>\$ 960,516</u>	<u>\$ 1,078,758</u>
Primary government					
Net Investment in Capital Assets	\$ 25,697,509	\$ 31,861,074	\$ 21,940,304	\$ 16,483,538	\$ 10,543,694
Restricted	11,561,732	11,680,649	13,211,059	14,456,158	14,558,291
Unrestricted	9,812,866	5,771,627	11,159,097	8,980,977	10,864,397
Total primary government net position	<u>\$ 47,072,107</u>	<u>\$ 49,313,350</u>	<u>\$ 46,310,460</u>	<u>\$ 39,920,673</u>	<u>\$ 35,966,382</u>

Source: Eagle County Schools Finance Department

TABLE 1

2013	2014	2015	2016	2017
\$ 7,734,444	\$ 7,874,116	\$ 10,026,377	\$ 12,272,934	\$ 14,276,986
14,285,280	14,083,361	15,525,828	16,058,646	19,629,943
12,025,450	11,840,786	(100,488,719)	(107,149,147)	(145,103,309)
<u>\$ 34,045,174</u>	<u>\$ 33,798,263</u>	<u>\$ (74,936,514)</u>	<u>\$ (78,817,567)</u>	<u>\$ (111,196,380)</u>
\$ 814,385	\$ 492,230	\$ 98,584	\$ 84,936	\$ 71,288
-	-	-	-	-
569,367	548,059	757,762	767,780	783,080
<u>\$ 1,383,752</u>	<u>\$ 1,040,289</u>	<u>\$ 856,346</u>	<u>\$ 852,716</u>	<u>\$ 854,368</u>
\$ 8,548,829	\$ 8,366,346	\$ 10,124,961	\$ 12,357,870	\$ 14,348,274
14,285,280	14,083,361	15,525,828	16,058,646	19,629,943
12,594,817	12,388,845	(99,730,957)	(106,381,367)	(144,320,229)
<u>\$ 35,428,926</u>	<u>\$ 34,838,552</u>	<u>\$ (74,080,168)</u>	<u>\$ (77,964,851)</u>	<u>\$ (110,342,012)</u>

EAGLE COUNTY SCHOOLS

Changes in Net Position Last Ten Fiscal Years

	2008	2009	2010	2011	2012
Expenses					
Governmental activities:					
Current:					
Instruction	\$ 31,779,754	\$ 38,245,670	\$ 42,826,781	\$ 42,246,912	\$ 41,816,115
Supporting services	24,363,714	24,101,064	30,830,181	32,347,124	30,191,463
Interest on long term debt	8,984,827	7,217,294	7,434,997	7,897,727	7,738,412
Total governmental activities	65,128,295	69,564,028	81,091,959	82,491,763	79,745,990
Business-type activities					
Food service	1,541,759	1,602,255	1,744,765	1,747,459	1,632,902
Employee housing	90,506	126,281	133,348	102,054	106,371
Total business-type activities	1,632,265	1,728,536	1,878,113	1,849,513	1,739,273
Total primary government expenses	\$ 66,760,560	\$ 71,292,564	\$ 82,970,072	\$ 84,341,276	\$ 81,485,263
Program revenues					
Governmental activities:					
Charges for service	\$ 868,357	\$ 1,032,204	\$ 1,242,220	\$ 1,391,453	\$ 1,530,516
Operating grants and contributions	3,935,164	5,197,724	6,552,789	6,558,755	5,971,961
Capital grants and contributions	-	-	-	-	-
Total governmental activities program revenues	4,803,521	6,229,928	7,795,009	7,950,208	7,502,477
Business-type activities:					
Charges for service					
Food service	927,920	839,829	732,889	677,260	725,109
District housing	130,603	138,159	145,787	155,611	155,962
Operating grants and contributions	595,868	735,171	906,166	953,325	976,444
Capital grants and contributions	-	500,000	-	-	-
Total business-type activities program revenues	1,654,391	2,213,159	1,784,842	1,786,196	1,857,515
Total primary government program revenues	\$ 6,457,912	\$ 8,443,087	\$ 9,579,851	\$ 9,736,404	\$ 9,359,992
Net (Expense) / Revenue					
Governmental activities	\$ (60,324,774)	\$ (63,334,100)	\$ (73,296,950)	\$ (74,541,555)	\$ (72,243,513)
Business-type activities	22,126	484,623	(93,271)	(63,317)	118,242
Total primary government net expense	\$ (60,302,648)	\$ (62,849,477)	\$ (73,390,221)	\$ (74,604,872)	\$ (72,125,271)

*The District adopted GASB No. 65 in fiscal year 2013.

As required by the Colorado Department of Education, the district recognized the Nutrition Services Fund (previously reported as a business-type activity) as a Special Revenue fund and Governmental activity as of July 1, 2014.

The district adopted GASB No. 68 in fiscal year 2015, which required the recognition of net pension liability and certain deferred inflows of resources and outflows of resources as of July 1, 2014.

TABLE 2

2013	2014	2015	2016	2017
\$ 41,032,263	\$ 43,222,676	\$ 46,693,195	\$ 51,406,006	\$ 80,062,490
26,224,131	29,610,047	35,801,713	35,404,876	48,123,875
7,293,570	6,099,948	5,777,879	5,271,362	7,658,076
<u>74,549,964</u>	<u>78,932,671</u>	<u>88,272,787</u>	<u>92,082,244</u>	<u>135,844,441</u>
1,636,314	-	-	-	-
131,311	116,806	149,839	129,249	125,532
<u>1,767,625</u>	<u>116,806</u>	<u>149,839</u>	<u>129,249</u>	<u>125,532</u>
<u>\$ 76,317,589</u>	<u>\$ 79,049,477</u>	<u>\$ 88,422,626</u>	<u>\$ 92,211,493</u>	<u>\$ 135,969,973</u>
\$ 1,921,745	\$ 2,931,853	\$ 3,305,847	\$ 3,537,130	\$ 3,840,408
5,696,852	8,055,594	8,543,336	8,580,035	7,945,748
-	121,681	125,425	122,277	61,073
<u>7,618,597</u>	<u>11,109,128</u>	<u>11,974,608</u>	<u>12,239,442</u>	<u>11,847,229</u>
835,578	-	-	-	-
139,482	139,660	135,233	125,619	127,184
1,047,599	-	-	-	-
-	-	-	-	-
<u>2,022,659</u>	<u>139,660</u>	<u>135,233</u>	<u>125,619</u>	<u>127,184</u>
<u>\$ 9,641,256</u>	<u>\$ 11,248,788</u>	<u>\$ 12,109,841</u>	<u>\$ 12,365,061</u>	<u>\$ 11,974,413</u>
\$ (66,931,367)	\$ (67,823,543)	\$ (76,298,179)	\$ (79,842,802)	\$ (123,997,212)
255,034	22,854	(14,606)	(3,630)	1,652
<u>\$ (66,676,333)</u>	<u>\$ (67,800,689)</u>	<u>\$ (76,312,785)</u>	<u>\$ (79,846,432)</u>	<u>\$ (123,995,560)</u>

EAGLE COUNTY SCHOOLS
Changes in Net Position - Continued
Last Ten Fiscal Years

	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Local property taxes	\$ 56,017,342	\$ 55,843,506	\$ 62,493,060	\$ 62,448,639	\$ 54,203,228
Specific ownership taxes	3,025,835	2,679,333	2,310,004	2,098,497	2,065,651
State equalization	892,042	4,385,923	3,662,810	355,434	9,704,283
Grants not restricted to specific programs	241,924	217,871	-	1,674,514	300,292
Investment income	5,045,414	1,968,306	553,378	373,872	28,650
Other	-	(4,214)	1,368,079	1,264,129	1,076,228
Transfers	(280,077)	(67,038)	(54,379)	(40,000)	-
Total governmental activities	<u>\$ 64,942,480</u>	<u>\$ 65,023,687</u>	<u>\$ 70,332,952</u>	<u>\$ 68,175,085</u>	<u>\$ 67,378,332</u>
Business-type activities:					
Other	-	-	-	-	-
Transfers	-	67,038	54,379	40,000	-
Total business-type activities	<u>-</u>	<u>67,038</u>	<u>54,379</u>	<u>40,000</u>	<u>-</u>
Total primary government	<u>\$ 64,942,480</u>	<u>\$ 65,090,725</u>	<u>\$ 70,387,331</u>	<u>\$ 68,215,085</u>	<u>\$ 67,378,332</u>
Change in Net Position					
Governmental activities	\$ 4,617,706	\$ 1,689,587	\$ (2,963,998)	\$ (6,366,470)	\$ (4,865,181)
Business-type activities	22,126	551,661	(38,892)	(23,317)	118,242
Total primary government	<u>\$ 4,639,832</u>	<u>\$ 2,241,248</u>	<u>\$ (3,002,890)</u>	<u>\$ (6,389,787)</u>	<u>\$ (4,746,939)</u>

Source: Eagle County Schools Finance Department

*The District adopted GASB No. 65 in fiscal year 2013.

As required by the Colorado Department of Education, the district recognized the Nutrition Services Fund (previously reported as a business-type activity) as a Special Revenue fund and Governmental activity as of July 1, 2014.

The district adopted GASB No. 68 in fiscal year 2015, which required the recognition of net pension liability and certain deferred inflows of resources and outflows of resources as of July 1, 2014.

TABLE 2

2013	2014	2015	2016	2017
\$ 53,498,964	\$ 50,150,229	\$ 51,257,231	\$ 55,590,666	\$ 68,961,670
2,204,151	2,386,297	2,761,851	2,736,271	3,136,892
10,273,931	13,311,387	17,470,913	15,850,394	17,268,541
125,491	-	479,744	504,550	536,267
37,537	21,489	20,148	52,248	711,466
1,097,715	1,340,913	1,342,711	1,227,620	1,003,563
(50,000)	-	170,000	-	-
<u>67,187,789</u>	<u>67,210,315</u>	<u>73,502,598</u>	<u>75,961,749</u>	<u>91,618,399</u>
-	-	663	-	-
50,000	-	(170,000)	-	-
50,000	-	(169,337)	-	-
<u>\$ 67,237,789</u>	<u>\$ 67,210,315</u>	<u>\$ 73,333,261</u>	<u>\$ 75,961,749</u>	<u>\$ 91,618,399</u>
\$ 256,422	\$ (613,228)	\$ (2,795,581)	\$ (3,881,053)	\$ (32,378,813)
304,994	22,854	(183,943)	(3,630)	1,652
<u>\$ 561,416</u>	<u>\$ (590,374)</u>	<u>\$ (2,979,524)</u>	<u>\$ (3,884,683)</u>	<u>\$ (32,377,161)</u>

EAGLE COUNTY SCHOOLS
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012
General Fund					
Reserved	\$ 1,292,800	\$ 1,508,000	\$ 1,870,000	\$ -	\$ -
Unreserved	14,765,119	12,040,672	10,996,103	-	-
Restricted	-	-	-	1,667,000	2,001,848
Unrestricted, Unassigned	-	-	-	9,529,733	8,510,074
Total General Fund	\$ 16,057,919	\$ 13,548,672	\$ 12,866,103	\$ 11,196,733	\$ 10,511,922
All Other Governmental Funds					
Reserved	\$ 95,954,849	\$ 32,983,779	\$ -	\$ -	\$ -
Nonspendable Inventories	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Debt service fund	-	-	10,777,163	-	-
Capital projects funds	1,938,841	305,766	10,250,949	-	-
Restricted For:					
Debt Service	-	-	-	11,323,445	12,733,092
Capital Projects	-	-	-	12,056,033	3,002,273
Multi-Year Contracts	-	-	-	-	-
Emergencies	-	-	-	-	-
Assigned To:					
Capital Outlay	-	-	-	150,573	121,908
Transportation	-	-	-	64,538	17,184
Nutrition Services	-	-	-	-	-
Unrestricted, Unassigned	-	-	-	(446,926)	(55,287)
Total all other governmental funds	\$ 97,893,690	\$ 33,289,545	\$ 21,028,112	\$ 23,147,663	\$ 15,819,170

Source: Eagle County Schools Finance Department

As required by the Colorado Department of Education, the district recognized the Nutrition Services Fund (previously reported as a business-type activity) as a Special Revenue fund and Governmental activity as of July 1, 2014.

As of June 30, 2017, the General Fund reflects an ending fund balance of \$15,146,932, an increase of \$3,132,894 from the prior year. The increase is the result of planned mill levy carryover of \$1,876,142 and allowable school carryover of \$1.2 million.

TABLE 3

2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
1,775,000	2,458,250	3,173,802	3,243,628	4,251,142
8,936,902	8,630,252	8,789,128	8,770,410	10,895,793
<u>\$ 10,711,902</u>	<u>\$ 11,088,502</u>	<u>\$ 11,962,930</u>	<u>\$ 12,014,038</u>	<u>\$ 15,146,935</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	47,288	65,421	84,545
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
12,633,775	11,948,469	12,654,217	13,041,918	16,186,060
2,334,556	667,495	444,176	445,813	130,166,498
-	-	-	1,183,628	-
-	-	-	-	-
1,082,731	1,979,974	615,766	519,411	1,219,643
17,163	43,150	56,298	58,647	5,334
-	247,503	249,870	346,353	384,297
(299,579)	(172,081)	(66,483)	-	-
<u>\$ 15,768,646</u>	<u>\$ 14,714,510</u>	<u>\$ 14,001,132</u>	<u>\$ 15,661,191</u>	<u>\$ 148,046,377</u>

EAGLE COUNTY SCHOOLS
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012
REVENUES					
Federal Sources	\$ 2,178,917	\$ 5,928,228	\$ 4,250,314	\$ 5,567,694	\$ 2,986,046
State Sources	2,378,624	3,459,496	5,785,951	2,354,302	10,495,253
Local Sources	64,607,202	60,953,138	68,468,900	67,950,937	62,447,059
Total revenues	69,164,743	70,340,862	78,505,165	75,872,933	75,928,358
EXPENDITURES					
Current:					
Instruction	28,895,819	32,325,020	37,515,839	35,464,796	35,891,461
Supporting Services	20,872,741	23,132,882	25,079,284	27,606,284	26,185,023
Capital outlay	47,522,618	67,181,371	16,037,277	7,733,457	7,213,170
Debt Service:					
Principal	6,465,000	6,150,000	2,100,000	6,875,000	7,275,000
Interest and Fiscal Charges	8,955,035	8,684,935	7,927,073	8,351,065	8,212,609
Debt Issuance Costs	-	-	120,057	251,792	-
Total expenditures	112,711,213	137,474,208	88,779,530	86,282,394	84,777,263
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(43,546,470)	(67,133,346)	(10,274,365)	(10,409,461)	(8,848,905)
OTHER FINANCING SOURCES (USES)					
Debt Issued	-	-	13,800,000	11,520,000	-
Debt Premium	-	-	1,064,828	215,243	-
Payment to Escrow Agent	-	-	(19,494,923)	-	-
Sale of Capital Assets	61,446	19,953	-	-	-
Transfers in	-	-	1,503,258	941,433	534,352
Transfers out	-	-	(1,503,258)	(981,433)	(534,352)
Total other financing sources (uses)	61,446	19,953	(4,630,095)	11,695,243	-
NET CHANGE IN FUND BALANCES	\$(43,485,024)	\$(67,113,393)	\$(14,904,460)	\$ 1,285,782	\$ (8,848,905)
Debt service as a percentage of noncapital expenditures	23.7%	21.1%	13.9%	19.7%	20.0%

Source: Eagle County Schools Finance Department

As required by the Colorado Department of Education, the district recognized the Nutrition Services Fund (previously reported as a business-type activity) as a Special Revenue fund and Governmental activity as of July 1, 2014.

TABLE 4

2013	2014	2015	2016	2017
\$ 1,891,057	\$ 4,676,488	\$ 4,905,939	\$ 4,866,203	\$ 4,611,192
11,080,005	15,663,754	20,724,080	19,264,692	20,757,187
61,732,151	58,839,632	59,710,466	63,864,133	78,490,853
74,703,213	79,179,874	85,340,485	87,995,028	103,859,232
34,937,057	36,969,071	39,243,507	41,077,017	45,751,135
23,393,321	26,149,057	29,846,730	30,065,020	32,548,311
647,920	1,287,594	2,526,607	545,518	17,028,989
7,605,000	8,665,000	8,605,000	9,610,000	9,000,000
7,920,459	6,886,340	6,569,885	6,169,934	7,480,938
873,588	-	-	-	987,761
75,377,345	79,957,062	86,791,729	87,467,489	112,797,134
(674,132)	(777,188)	(1,451,244)	527,539	(8,937,902)
102,245,000	-	-	-	131,770,000
18,477,919	-	-	-	22,332,115
(119,849,331)	-	-	-	(8,462,505)
-	-	255,000	-	-
1,238,183	2,320,247	3,877,294	2,566,583	3,328,625
(1,288,183)	(2,320,247)	(2,520,000)	(2,566,583)	(3,328,625)
823,588	-	1,612,294	-	145,639,610
\$ 149,456	\$ (777,188)	\$ 161,050	\$ 527,539	\$ 136,701,708
21.9%	19.8%	18.0%	18.0%	17.0%

EAGLE COUNTY SCHOOLS
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended June 30,	Real Property		Personal Property		Exemptions of Real Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2008	3,070,713,070	28,665,521,650	84,770,040	471,309,270	222,567,340	937,768,360
2009	3,098,324,840	29,762,511,660	89,144,250	308,228,950	223,818,220	936,862,780
2010	3,512,789,430	34,245,196,420	101,651,460	350,522,450	300,211,100	1,193,813,520
2011	3,532,369,970	34,694,499,120	92,521,320	319,038,940	306,005,580	1,216,552,680
2012	2,692,812,380	26,668,651,830	87,942,860	303,249,230	239,377,650	958,662,950
2013	2,691,704,460	26,713,889,900	83,138,600	286,684,710	242,758,620	978,147,950
2014	2,566,361,210	25,204,000,320	89,975,170	310,258,390	218,295,890	878,280,780
2015	2,556,149,170	25,252,094,130	86,011,900	296,591,660	218,850,980	880,696,280
2016	2,931,496,730	29,359,108,450	89,128,230	307,339,150	245,741,890	995,239,760
2017	2,944,003,260	29,583,561,050	89,423,480	308,356,230	250,953,490	1,021,359,410

Source: Eagle County Assessor's Office

Note: The assessment ratios for all taxable property in the State of Colorado are as follows:

Years	Residential	Commercial
2008	7.96%	29.00%
2009	7.96%	29.00%
2010	7.96%	29.00%
2011	7.96%	29.00%
2012	7.96%	29.00%
2013	7.96%	29.00%
2014	7.96%	29.00%
2015	7.96%	29.00%
2016	7.96%	29.00%
2017	7.20%	29.00%

TABLE 5

Total Value		Ratio of Total Assessed Value to Total Estimated Actual Value
Assessed Value	Estimated Value	
3,378,050,450	30,074,599,280	11.23%
3,411,287,310	31,007,603,390	11.00%
3,914,651,990	35,789,532,390	10.94%
3,930,896,870	36,230,090,740	10.85%
3,020,132,890	27,930,564,010	10.81%
3,017,601,680	27,978,722,560	10.79%
2,874,632,270	26,392,539,490	10.89%
2,861,012,050	26,429,382,070	10.83%
3,266,366,850	30,661,687,360	10.65%
3,284,380,230	30,913,276,690	10.62%

EAGLE COUNTY SCHOOLS
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

	2008	2009	2010	2011	2012
Eagle County School District					
General operations	14.586	14.855	14.359	14.382	15.085
General obligation debt service	5.123	5.218	4.736	4.785	6.120
Transportation	0.342	0.341	0.306	0.307	0.396
Total direct property tax rate	20.051	20.414	19.401	19.474	21.601
County Government					
General Fund	4.924	4.924	4.924	4.924	4.924
Special Revenue Funds	2.014	2.014	2.014	2.014	2.014
Capital Expenditures Fund	0.061	0.061	0.061	0.061	0.061
Debt Service Funds	0.000	0.000	0.000	0.000	0.000
Open Space Fund	1.500	1.500	1.500	1.500	1.500
Total County	8.499	8.499	8.499	8.499	8.499
Miscellaneous County-wide					
Colorado Mountain Jr. College	3.997	3.997	3.997	3.997	3.997
Colorado River Water Conservancy	0.191	0.199	0.000	0.000	0.000
Total County-wide levies	12.687	12.695	12.496	12.496	12.496
Municipalities					
Avon	12.271	11.392	11.208	11.220	11.220
Basalt	5.058	5.181	3.873	4.066	4.066
Eagle	2.683	3.997	3.547	3.659	3.659
Gypsum	5.414	5.094	5.094	5.094	5.094
Minturn	17.934	17.934	17.934	17.934	17.934
Redcliff	38.827	37.820	33.878	33.878	33.878
Vail	4.690	4.979	4.690	4.726	4.726
Fire Protection, Ambulance and Hospital Districts					
Several, range from high of	10.000	10.000	10.000	10.000	10.000
to low of	2.019	2.055	1.780	1.768	1.768
Water, Sanitation, Library, Metro and Cemetery Districts					
Several, range from high of	45.000	99.000	67.000	62.000	62.000
to low of	0.000	0.000	0.000	0.000	0.000

Source: Eagle County Assessor's Office

Note: The District's property tax rate may be increased only by a majority vote of the District's residents.
Rates for debt service are set based on each year's requirements.

^aOverlapping rates are those of local and county governments that apply to property owners within the boundaries of the Eagle County School District. Not all overlapping rates apply to all Eagle County School District property owners; for example, although the County property tax rate applies to all school district property owners, the Gypsum Fire District rates apply only to the residents of Gypsum whose property is located within that district's geographic boundaries.

TABLE 6

2013	2014	2015	2016	2017
15.087	15.030	15.180	14.662	17.541
5.878	5.382	5.961	5.303	7.303
0.397	0.414	0.376	0.366	0.365
21.362	20.826	21.517	20.331	25.209
4.924	4.924	4.924	5.285	5.285
2.014	2.014	2.014	1.653	1.653
0.061	0.006	0.061	0.061	0.061
0.000	0.000	0.000	0.000	0.000
1.500	1.500	1.500	1.500	1.500
8.499	8.499	8.499	8.499	8.499
3.997	3.997	3.997	3.997	3.997
0.000	0.000	0.000	0.000	0.000
12.496	12.496	12.496	12.496	12.496
11.983	12.258	12.207	11.765	8.956
6.386	7.560	9.881	9.158	11.591
4.064	4.475	4.499	3.661	3.853
5.094	5.094	5.094	5.094	5.094
17.934	17.934	17.934	17.934	17.934
33.878	33.878	33.878	31.409	32.798
4.765	4.706	4.735	4.727	4.705
10.000	10.000	10.000	10.000	10.504
2.023	2.006	2.019	2.008	2.755
100.000	115.000	112.000	98.500	98.500
0.000	0.000	0.000	0.000	0.000

TABLE 7

EAGLE COUNTY SCHOOLS

**Principal Property Tax Payers
6/30/2017 and 9 Years Ago**

Taxpayer	2017			2008		
	Taxable Assessed Value	2017 Rank	% of Total County Taxable Assessed Valuation	Taxable Assessed Value	2016 Rank	% of Total County Taxable Assessed Valuation
Vail Corp	\$ 68,878,950	1	2.10%	\$ 69,466,490	1	2.04%
Union Pacific Corp	30,723,600	2	0.94%	11,950,300	3	0.35%
Vail Associates Inc	26,495,120	3	0.81%	23,521,810	2	0.69%
DiamondRock Vail Owner LLC	20,712,770	4	0.63%	15,950,000	4	0.47%
Holy Cross Electric Assoc Inc	19,229,400	5	0.59%	13,241,710	6	0.39%
Public Service Company of Colorado	18,445,100	6	0.56%	-	5	0.00%
WTCC Beaver Creek Investors LLC	12,559,780	7	0.38%	11,495,150	10	0.34%
EX Vail LLC	12,414,290	-	0.38%	-	-	0.00%
Ferruco Vail Ventures LLC	11,742,350	8	0.36%	-	8	0.00%
Vail Hotels Partners LLC	11,588,440	-	0.35%	-	-	0.00%
Ritz-Carlton Development CO Inc	-	9	0.00%	-	9	0.00%
L-O Vail Holding Inc	-	10	0.00%	10,493,520	-	0.31%
Solaris Property Owner LLC	-	11	0.00%	-	7	0.00%
Vail Development 09 LLC	-	12	0.00%	-	-	0.00%
Total Assessed Valuation	<u>\$ 232,789,800</u>		<u>7.10%</u>	<u>\$ 156,118,980</u>		<u>7.79%</u>

Source: Eagle County Assessor's Office

EAGLE COUNTY SCHOOLS
Property Tax Levies And Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection to Date	
		Amount	% of Levy		Amount	Percentage of Levy
2008	58,596,416	55,372,153	94.5%	1,979,979	57,352,132	97.9%
2009	59,888,244	59,413,901	99.2%	1,908,877	61,322,778	102.4%
2010	63,412,390	62,493,060	98.6%	1,503,665	63,996,725	100.9%
2011	63,509,868	60,953,478	96.0%	2,238,913	63,192,391	99.5%
2012	54,551,881	52,555,579	96.3%	1,101,283	53,656,862	98.4%
2013	53,821,226	51,926,679	96.5%	1,185,359	53,112,038	98.7%
2014	50,290,510	49,040,534	97.5%	1,190,365	50,230,899	99.9%
2015	51,642,537	50,911,821	98.6%	1,189,526	52,101,347	100.9%
2016	55,866,894	55,338,250	99.1%	1,086,254	56,424,504	101.0%
2017	69,068,338	68,960,793	99.8%	1,022,365	68,961,670	99.8%

Source: Eagle County Schools Finance Department

EAGLE COUNTY SCHOOLS
Legal Debt Margin Information
Last Ten Fiscal Years

	2008	2009	2010	2011	2012
Assessed valuation	<u>\$2,922,368,820</u>	<u>\$2,933,681,930</u>	<u>\$3,268,342,952</u>	<u>\$3,261,264,657</u>	<u>\$2,525,433,131</u>
Debt limit (20% of assessed valuation)	<u>\$ 584,473,764</u>	<u>\$ 586,736,386</u>	<u>\$ 653,668,590</u>	<u>\$ 652,252,931</u>	<u>\$ 505,086,626</u>
Debt applicable to limit:					
General obligation bonds	\$ 182,640,000	\$ 176,490,000	\$ 169,300,000	\$ 162,425,000	\$ 155,250,000
Less: Amount set aside for repayment of general obligation debt	<u>(15,419,426)</u>	<u>(10,172,649)</u>	<u>(10,777,163)</u>	<u>(11,323,445)</u>	<u>(11,896,492)</u>
Total net debt applicable to limit	<u>167,220,574</u>	<u>166,317,351</u>	<u>158,522,837</u>	<u>151,101,555</u>	<u>143,353,508</u>
Legal debt margin	<u>\$ 417,253,190</u>	<u>\$ 420,419,035</u>	<u>\$ 495,145,753</u>	<u>\$ 501,151,376</u>	<u>\$ 361,733,118</u>
Total net debt applicable to the limit as a percentage of debt limit	5.72%	5.67%	4.85%	4.63%	5.68%

Source: Eagle County Schools Finance Department, Eagle County Assessor

Note: Under State of Colorado finance law, the District's outstanding general obligation debt should not exceed 20% of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

TABLE 9

2013	2014	2015	2016	2017
<u>\$2,519,484,390</u>	<u>2,498,757,550</u>	<u>2,400,080,750</u>	<u>2,734,683,670</u>	<u>2,739,828,540</u>
<u>\$ 503,896,878</u>	<u>\$ 499,751,510</u>	<u>\$ 480,016,150</u>	<u>\$ 546,936,734</u>	<u>\$ 547,965,708</u>
<u>\$ 146,475,000</u>	<u>\$ 138,995,000</u>	<u>\$ 131,590,000</u>	<u>\$ 123,255,000</u>	<u>\$ 246,225,000</u>
<u>(11,796,093)</u>	<u>(11,110,990)</u>	<u>(11,816,380)</u>	<u>(12,202,188)</u>	<u>(16,186,060)</u>
<u>134,678,907</u>	<u>127,884,010</u>	<u>128,633,620</u>	<u>111,052,812</u>	<u>230,038,940</u>
<u>\$ 369,217,971</u>	<u>\$ 371,867,500</u>	<u>\$ 351,382,530</u>	<u>\$ 435,883,922</u>	<u>\$ 317,926,768</u>
5.35%	5.12%	5.36%	4.06%	8.40%

TABLE 10

EAGLE COUNTY SCHOOLS
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Certificates of Participation	Total Primary Government	Percentage of Personal Income	Debt Per Capita
2008	182,640,000	-	182,640,000	0.026%	3,478
2009	176,490,000	-	176,490,000	0.028%	3,275
2010	169,300,000	-	169,300,000	0.027%	3,063
2011	162,425,000	11,728,300	174,153,300	0.026%	3,336
2012	155,250,000	11,621,657	166,871,657	0.027%	3,074
2013	146,475,000	11,439,414	157,914,414	0.031%	2,942
2014	158,037,503	10,247,471	168,284,974	0.029%	3,030
2015	148,847,531	9,040,528	157,888,059	0.032%	3,010
2016	138,727,559	7,758,585	146,486,144	0.040%	2,768
2017	281,775,470	-	281,775,470	0.022%	5,398

Source: Eagle County Schools Finance

Note: General Obligation Bonds and Certificates of Participation include premiums

Note: Personal Income and Population data may be found on Table 13

Note: The Bonds are secured by the District's full faith and credit and are general obligations of the District payable from ad valorem taxes to be levied, without limitation of rate and in an amount sufficient to pay the Bonds when due, against all taxable property within the District.

TABLE 11

EAGLE COUNTY SCHOOLS
Ratio Of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Actual Assessed Value of Property	Net Bonded Debt per Capita	Percentage of Per Capita Income
2008	167,220,574	5.35%	3,184	6.70%
2009	166,317,351	4.51%	3,086	6.22%
2010	158,522,837	4.31%	2,868	6.31%
2011	151,101,555	5.38%	2,895	6.47%
2012	143,353,508	5.14%	2,641	5.77%
2013	134,678,907	5.10%	2,509	5.16%
2014	127,884,010	4.86%	2,302	4.75%
2015	128,633,620	4.59%	2,452	4.86%
2016	111,052,812	3.40%	2,098	3.62%
2017	230,038,940	7.00%	4,407	7.16%

Source: Eagle County Schools Finance Department

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

EAGLE COUNTY SCHOOLS
Direct and Overlapping Governmental Activities Debt
June 30, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Airport Commerce Center Metro District	3,200,000	100.00%	3,200,000
Arrowhead Metro District	12,480,000	100.00%	12,480,000
Bachelor Gulch Metro District	13,569,999	100.00%	13,569,999
Basalt & Rural Fire District	4,946,300	59.00%	2,918,317
Basalt Regional Library District	7,690,000	50.60%	3,891,140
Basalt Sanitation District	1,265,000	49.22%	622,633
Beaver Creek Metro District	5,815,000	100.00%	5,815,000
Berry Creek Metro District	3,235,000	100.00%	3,235,000
Buckhorn Valley Metro District #2	14,746,836	100.00%	14,746,836
Cascade Village Metro District	1,810,000	100.00%	1,810,000
Chatfield Corners Metro District	2,615,000	100.00%	2,615,000
Confluence Metro District	22,475,000	100.00%	22,475,000
Cordillera Metro District	8,430,000	100.00%	8,430,000
Cordillera Mountain Metro District	4,810,000	100.00%	4,810,000
Cordillera Valley Club Metro District	-	100.00%	-
Cotton Ranch Metro District	7,615,000	100.00%	7,615,000
Crown Mountain Park & Rec District	2,360,000	58.95%	1,391,220
Eagle Ranch Metro District	14,325,000	100.00%	14,325,000
Eagle River Water & San Dist- Water Sub Dist- Vail	8,570,000	100.00%	8,570,000
Eagle River Water & Sanitation Dist (Wastewater)	22,980,000	100.00%	22,980,000
Eagle Vail Metro District	5,725,000	100.00%	5,725,000
Lake Creek Metro District	50,000	100.00%	50,000
Mid-Valley Metro	-	92.60%	-
Red Sky Ranch Metro District	7,140,000	100.00%	7,140,000
Ruedi Shores Metro District	1,594,000	100.00%	1,594,000
School District JT-1 (West Grand)	5,905,000	0.50%	29,525
School District RE-1 (Roaring Fork)	191,659,984	20.45%	39,194,467
Solaris Metro District No. 1	30,315,645	100.00%	30,315,645
The Village	6,766,776	100.00%	6,766,776
Town of Avon	18,350,518	100.00%	18,350,518
Town of Basalt	4,833,000	70.58%	3,411,310
Town of Eagle	166,365	100.00%	166,365
Traer Creek Metro District	36,609,000	100.00%	36,609,000
Two Rivers Metro District	130,802	100.00%	130,802
Vail Square Metro District No. 1	13,885,000	100.00%	13,885,000
Valagua Metro District	21,000,000	100.00%	21,000,000
Western Eagle County Metro Rec District	2,770,000	100.00%	2,770,000
Subtotal, Total Overlapping Debt	\$ 509,839,225		\$ 342,638,553
Eagle County School District direct debt			\$ 281,775,470
Total direct and overlapping debt			<u>\$ 624,414,023</u>

Source: Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of outstanding debt of those overlapping governments that are borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

EAGLE COUNTY SCHOOLS
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population	Per Capita Income	October 1 School Enrollment	October 1 Funded Pupil Count	Unemployment Rate
2008	52,517	47,511	5,681	5,288	3.1%
2009	53,898	49,635	6,007	5,637	3.6%
2010	55,269	45,430	6,244	5,880	7.3%
2011	52,197	44,709	6,181	5,846	9.5%
2012	54,283	45,807	6,344	5,994	8.6%
2013	53,681	48,618	6,408	6,014	8.1%
2014	55,548	48,485	6,520	6,182	6.6%
2015	52,460	50,416	6,713	6,371	4.2%
2016	52,921	57,927	6,804	6,463	3.1%
2017	52,197	61,522	6,901	6,553	2.8%

Sources: Population, median household income and unemployment rate information provided by Eagle County. School enrollment data provided by the Eagle County School District Business Services Department.

EAGLE COUNTY SCHOOLS

Principal Employers
6/30/2017 and 9 Years Ago

Employer	2017			2008		
	Rank	Number of Employees	Percentage of Total County Employment	Rank	Number of Employees	Percentage of Total County Employment
Vail Resorts Inc.	1	7,860	23.4%	1	7,200	22.0%
Vail Valley Medical Center	2	918	2.7%	3	881	2.7%
Eagle County School District	3	887	2.6%	2	830	2.5%
Eagle County Government	4	474	1.4%	4	451	1.4%
Vail Cascade Resort	5	440	1.3%	6	446	1.4%
East West Resorts	6	421	1.3%	-	375	1.1%
Westin Riverfront Resorts	7	392	1.2%	5	325	1.0%
Ritz Carlton- Bachelor Gulch	8	375	1.1%	7	325	1.0%
Vail Marriot	9	330	1.0%	-	324	1.0%
Sonnenalp Resort	10	328	1.0%	9	298	0.9%
Town of Vail	11	323	1.0%	-		
Park Hyatt Beaver Creek Resort & Spa	12	301	0.9%	8	250	0.8%
Gallegos Corporation	13	264	0.8%	10		
Wal-Mart Stores	14	252	0.7%	-		

Source: Eagle County

TABLE 15

EAGLE COUNTY SCHOOLS

Operating Statistics Last Ten Fiscal Years

Fiscal Year	Governmental Fund Expenditures	Funded Students	Cost Per Pupil	Percentage Change
2007-08	112,711,213	5,288.0	21,315	30.2%
2008-09	137,474,208	5,637.0	24,388	54.2%
2009-10	88,779,530	5,880.0	15,099	14.4%
2010-11	86,282,394	5,847.0	14,757	-38.1%
2011-12	84,777,263	5,994.0	14,144	-2.3%
2012-13	75,377,345	6,013.5	12,535	-4.2%
2013-14	78,270,896	6,182.4	12,660	-11.4%
2014-15	86,791,729	6,723.5	12,908	1.0%
2015-16	87,467,489	6,779.8	12,901	2.0%
2016-17	112,797,131	6,862.8	16,436	27.4%

Source: Eagle County Schools Finance

Note: Enrollment based on October enrollment. Teaching staff are full-time equivalents for the year as a whole.

TABLE 16

EAGLE COUNTY SCHOOLS
District Employees FTE
6/30/2017

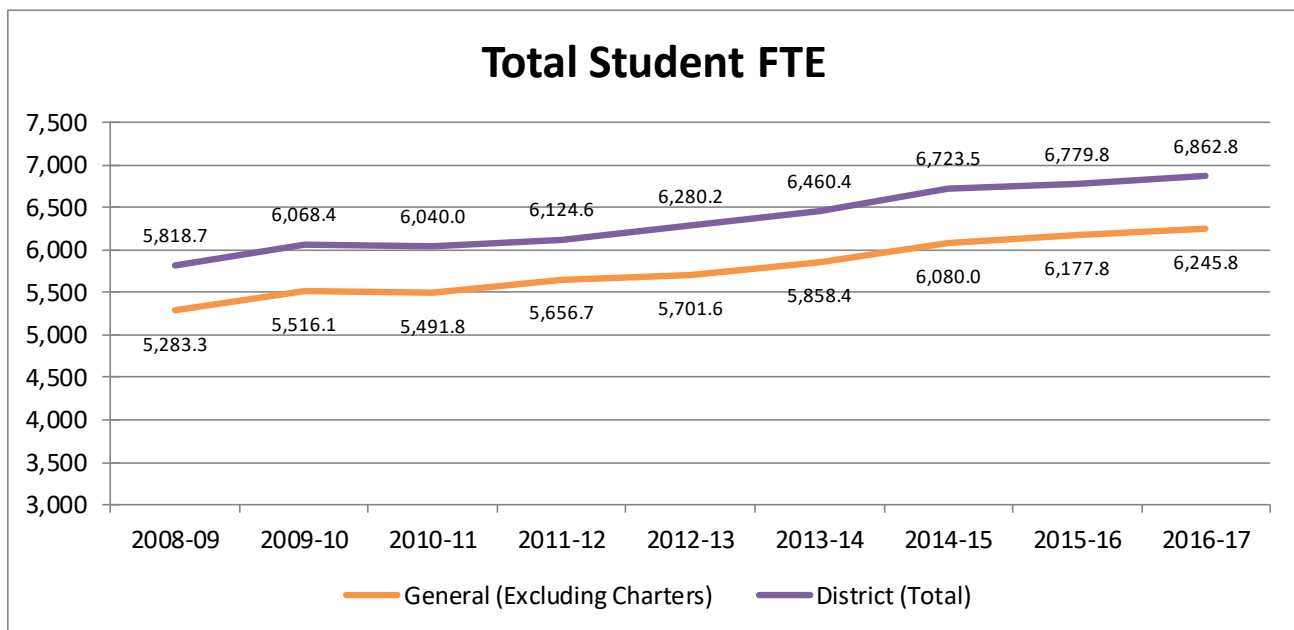
	100-104	105-125	201-209	210-220	230-239	320-358	360-399	400-499	500-599	600-699	
					ESS			Instructional		Trades	
Location	District Admin	School Admin	Teachers	Other Teachers	Certified Staff	Professional Staff	Technical Support	Support Staff	Office/Admin Support	& Services	Total FTEs
General Fund											
110 Eagle Valley Elementary		1.00	24.28					6.57	1.50	1.38	34.73
120 Brush Creek Elementary		1.00	26.77	0.40				8.60	1.88	2.00	40.65
130 Avon Elementary		1.50	22.47	0.40				8.63	1.50	2.00	36.50
140 Red Sandstone Elementary		1.00	19.43					3.99	1.50	1.50	27.42
160 Gypsum Elementary		1.00	21.95	0.50				9.09	2.00	2.00	36.54
170 Edwards Elementary		1.00	20.24	1.10				2.63	2.00	2.00	28.97
180 Red Hill Elementary		1.00	23.94	0.75				12.57	1.94	1.94	42.14
190 June Creek Elementary		1.00	20.28	1.00				15.48	2.00	2.00	41.76
210 Eagle Valley Middle		2.00	16.11	0.50				2.00	2.00	1.38	23.99
230 Berry Creek Middle		1.60	24.60	1.40				8.86	2.63	1.75	40.84
240 Gypsum Creek Middle		2.00	22.58	0.50				5.85	2.00	2.00	34.93
310 Battle Mountain High		3.00	44.54	4.24				5.11	4.00	5.00	65.89
320 Eagle Valley High		3.00	47.08	5.28				6.00	4.50	4.00	69.86
340 Vail Ski and Snowboard Academy		1.50	13.43	1.00				1.14	1.00	1.00	19.07
390 Red Canyon High		1.50	14.38	0.75				2.86	1.50	1.00	21.99
461 World Academy			0.50								0.50
501 Homestake Peak School		2.00	35.74	1.00				11.66	2.00	3.00	55.40
610 Superintendent & Board of Education	2.00					1.00					3.00
619 Gifted & Talented			5.00	-				1.00			6.00
620 Educator Quality	1.00			2.00		1.00					4.00
621 Instructional Services		1.00		2.00					1.00		4.00
622 Student Services	1.00			2.00		2.00					5.00
623 Assessment											-
624 Nursing					2.00			13.82			15.82
625 Exceptional Student Services	1.00	2.00	1.00	3.81	18.91	1.20		3.00	3.00		33.92
626 English Language Acquisition (ELA)				1.00		4.00					5.00
627 Preschool				0.75				2.13	1.88		4.76
629 Community Relations/Grant Writer	1.00										1.00
630 Business Services	1.00					1.00			3.00	1.13	6.13
640 Human Resources	1.00	1.00							4.00	1.00	7.00
650 Technology							13.00		1.00		14.00
670 Food Services											-
710 Maintenance						1.00			1.00	13.19	15.19
720 Transportation											-
950 ECCA			1.81								1.81
General Fund Total	8.00	29.10	406.13	30.38	20.91	11.20	13.00	130.99	48.83	49.27	747.81
Other District Funds											
21 Nutrition Services Fund						1.00			1.75	22.42	25.17
22 Grants Fund			30.58	1.25				11.33	2.63		45.79
25 Transportation Fund						1.00		0.30	5.38	30.70	37.38
52 District Housing Fund										1.25	1.25
Total District Funds	-	-	30.58	1.25	-	2.00	-	11.63	9.76	54.37	109.59
Total All Funds	8.00	29.10	436.71	31.63	20.91	13.20	13.00	142.62	58.59	103.64	857.40

Source: Eagle County Schools Finance and Human Resources Departments

TABLE 17

EAGLE COUNTY SCHOOLS
Student Enrollment FTE
Last Ten Fiscal Years

Year	General (Excluding Charters)	District (Total)	CSI	ECCA/NAS	Charter
2008-09	5,283.3	5,818.7	181.4	354.0	535.4
2009-10	5,516.1	6,068.4	188.3	364.0	552.3
2010-11	5,491.8	6,040.0	193.2	355.0	548.2
2011-12	5,656.7	6,124.6	130.9	337.0	467.9
2012-13	5,701.6	6,280.2	223.6	355.0	578.6
2013-14	5,858.4	6,460.4	278.0	324.0	602.0
2014-15	6,080.0	6,723.5	313.5	330.0	643.5
2015-16	6,177.8	6,779.8	275.5	326.5	602.0
2016-17	6,245.8	6,862.8	271.0	346.0	617.0



Source: Eagle County Schools Finance

TABLE 18

EAGLE COUNTY SCHOOLS
Schedule of Insurance
(Unaudited)

<u>Description of Insurance</u>	<u>Carrier or Pool</u>	<u>Coverage Limit</u>	<u>Deductible</u>
General Liability	Colorado School Districts Self Insurance Pool (CSDSIP)	\$2,000,000	\$0
Property including:			
Inland marine	CSDSIP	\$65,000,000	\$1,000
Boiler and machinery	CSDSIP	\$5,000,000	\$1,000
Automobile liability:	CSDSIP		
Combined single limit		\$1,000,000	\$0
Personal injury protection		\$5,000	\$0
Uninsured motorist		\$1,000,000	\$0
School Leaders Errors and Omissions	CSDSIP	\$2,000,000	\$0
Public Officials Bond	CSDSIP	\$10,000	\$100
Crime:	CSDSIP		
Employee dishonesty		\$150,000	\$500
Theft		\$10,000	\$100
Forgery/alteration		\$10,000	\$100
Employment Practices Liability	CSDSIP	\$1,000,000	\$1,000
Worker's Compensation	Pinnacol	NO LIMIT	\$1,000
Unemployment	Claims basis	NO LIMIT	

Source: Eagle County Schools Finance

TABLE 19

EAGLE COUNTY SCHOOLS
Facility Statistics

	<u>SCHOOL</u>	<u>GRADE LEVEL</u>	<u>BLDG. SQ. FT.</u>	<u>APPROX. ACREAGE</u>	<u>YEAR BUILT</u>	<u>CAPACITY</u>
1	Avon Elementary	P-5	67,780	10.0	1996	410
2	Battle Mountain High	9-12	209,000	39.0	2009	1000
3	Berry Creek Middle	6-8	80,552	15.0	1996	490
4	Brush Creek Elementary	P-5	65,143	10.0	2001	500
5	Eagle Valley Elementary	P-5	47,739	see EVMS	1973	550
6	Eagle Valley High	9-12	155,147	17.0	1975/2009	800
7	Eagle Valley Middle	6-8	53,779	19.0	1980	500
8	Edwards Elementary	K-5	55,000	9.0	1991	430
9	Gypsum Creek Middle	6-8	81,590	15.0	2001	500
10	Gypsum Elementary	P-5	55,000	see EVHS	1991	430
11	Homestake Peak	P-8	122,533	40.0	1975/1991	512
12	June Creek Elementary	P-5	74,000	10.5	2008	500
13	Red Canyon High- East	9-12	5,700	2.5	2008	70
14	Red Canyon High-West	9-12	6,000	0.2	leased	70
15	Red Hill Elementary	K-5	62,943	10.0	2001	450
16	Red Sandstone Elementary	P-5	45,537	4.0	1977	365
17	Vail Ski & Snowboard Academy	5-12	53,758	6.5	1978	250
			1,241,201	207.7		7,827
	Other buildings - add		39,300			
			<u>1,280,501</u>			

Source: Eagle County Schools Maintenance Department



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COMPLIANCE SECTION

SINGLE AUDIT



Swanhorst & Company LLC

Certified Public Accountants

Board of Education
Eagle County Schools
Eagle, Colorado

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Eagle County Schools as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Eagle County Schools, and have issued our report thereon dated February 9, 2018. The financial statements of the Eagle County Charter Academy, a discretely presented component unit, 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 the Eagle County Schools' internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Eagle County Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Eagle County Schools' internal control over financial reporting.

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

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

Compliance and Other Matters

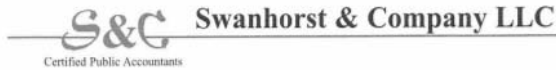
As part of obtaining reasonable assurance about whether the Eagle County Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and 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 Eagle County Schools' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Eagle County Schools' internal control and compliance. Accordingly, this report is not suitable for any other purpose.



February 9, 2018



Board of Education
Eagle County Schools
Eagle, Colorado

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

Report on Compliance for Each Major Federal Program

We have audited the Eagle County Schools' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Eagle County Schools' major federal programs for the year ended June 30, 2017. The Eagle County Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Eagle County Schools' 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 the Eagle County Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Eagle County Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, the Eagle County Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Eagle County Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Eagle County Schools' 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 the Eagle County Schools' internal control over compliance.

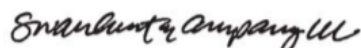
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Eagle County Schools as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Eagle County Schools. We issued our report thereon dated February 9, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eagle County Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



February 9, 2018

EAGLE COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes x no

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

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? _____ yes x no

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

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

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

_____ yes x no

Identification of major federal programs:

Special Education Cluster
84.027 Special Education
84.173 Special Education Preschool

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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

Financial Statement Findings

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

Federal Awards Findings and Questioned Costs

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

EAGLE COUNTY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Education			
Passed through Colorado Department of Education			
Title I	4010	84.010	831,461
Special Education Cluster			
Special Education	4027	84.027	1,103,549
Special Education - Preschool	4173	84.173	25,033
English Language Acquisition	4365/7365	84.365	170,291
Mathematics and Science Partnerships	5366	84.366	33,644
Supporting Effective Education	4367	84.367	99,204
Race to the Top - Early Learning Challenge	5412	84.412	22,925
Passed through Colorado Community College System			
Career and Technical Education		84.048	26,379
TOTAL U.S. DEPARTMENT OF EDUCATION			2,312,486
U.S. Department of Health and Human Services			
Direct Program			
Head Start		93.600	461,585
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			461,585
U.S. Department of Agriculture			
Child Nutrition Cluster			
Passed through Colorado Department of Education			
School Breakfast Program	4553	10.553	129,632
National School Lunch Program	4555	10.555	927,146
Summer Food Service Program for Children	4559	10.559	36,663
Passed through Colorado Department of Human Services			
Donated Commodities		10.555	146,340
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,239,781
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 4,013,852

See the accompanying Independent Auditors' Report.

Eagle County Schools
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards 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* using the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. The District does not charge a de minimis indirect cost rate.

STATE COMPLIANCE

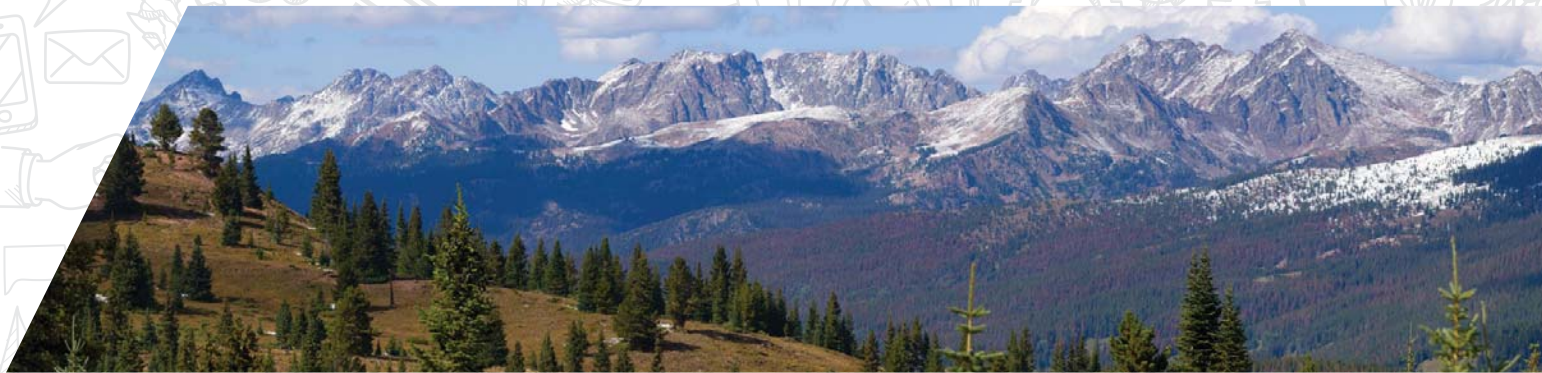


Colorado Department of Education
Auditors Integrity Report
 District: 0910 - EAGLE COUNTY RE 50
 Fiscal Year 2016-17
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	12,014,038	69,617,296	66,484,401	15,146,932
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	12,014,038	69,617,296	66,484,401	15,146,932
11 Charter School Fund	945,250	4,194,228	3,889,603	1,249,874
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
21 Food Service Spec Revenue Fund	411,774	2,021,718	1,964,650	466,842
22 Govt Designated-Purpose Grants Fund	0	3,489,123	3,489,123	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	58,647	2,371,268	2,424,581	5,334
31 Bond Redemption Fund	12,202,187	20,057,272	16,073,400	16,186,060
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	-1	155,593,539	25,875,351	129,718,187
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,804,954	874,441	1,011,441	1,667,954
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	27,436,850	258,218,884	121,212,551	164,443,183
Proprietary				
50 Other Enterprise Funds	852,716	127,184	125,532	854,368
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	852,716	127,184	125,532	854,368
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	1,194,067	903,294	806,108	1,291,253
79 GASB 34 Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	1,194,067	903,294	806,108	1,291,253

FINAL



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EAGLE COUNTY SCHOOLS