

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



for the Fiscal Year ended June 30, 2018

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EAGLE COUNTY SCHOOL DISTRICT RE50J

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year Ended June 30, 2018
County of Eagle
State of Colorado*

*Margarita Lopez, 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, 2018

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Sandra Mutchler, C.P.A., SFO
Chief Operating Officer
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November 13, 2018

Members of the Eagle County Schools Community
Members of the Board of Education
Dr. Carlos Ramirez, 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, 2018.

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 2018 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.

McMahan and Associated, LLC, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Eagle County Schools financial statements for the year ended June 30, 2018. 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 900+ professionals engaging nearly 7,000 students. Our student population is diverse in both demographics and economic background. With 31.4% 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 2017-18 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

National and International

This summary of the national economic conditions is derived from information posted on the Congressional Budget Office (CBO) website at <https://www.cbo.gov/>. Specific documents cited are An Overview of The 2018 Budget and Economic Outlook, An Update to the Economic Outlook: 2018 to 2028.

In 2018, real gross domestic product (GDP) is projected to grow by 3.1 percent. In 2019, the pace of GDP is expected to slow to 2.4 percent as growth in business and government purchases slows. From 2023 to 2028, real GDP is projected to grow by 1.7 percent each year when some of the major provisions of the 2017 tax act are scheduled to expire.

Economic growth is expected through the rest of 2018 and 2019 creating excess demand in the economy. Growth in actual output leads to continued lower unemployment rates and higher income, but also creates demand for goods, services and labor that exceeds the economy's long-run capacity to supply them. By 2022, the excess demand in the economy is expected to disappear.

Projected federal debt held by the public over the next 30 years would grow sharply, reaching unprecedented levels if current laws generally remain unchanged. Total spending is projected to outpace growth in total revenues which would result in larger budget deficits and an increase in federal debt. The CBO projects the percentage of debt to the GDP may exceed 150% by 2048. Federal spending is projected to grow from 21 percent of GDP today to 29 percent in 2048.

Increases in federal outlays that result from the Bipartisan Budget Act of 2018 and the consolidated Appropriates Act of 2018 add to the existing excess demand and inflationary pressures in the near term. The increase in federal outlays will result in higher interest rates and greater federal borrowing. Demand for goods and services exceeds the amount that the economy can sustainably supply and is projected to drive the growth in the price index for personal consumption expenditures. Spending would increase, as a percentage of GDP, for interest on the government's debt, the major health care programs and Social Security.

If current laws generally remained unchanged, federal revenues would also increase, from 16.6 percent of GDP in 2018 to 19.8 percent in 2048. In total, deficits would rise from 3.9 percent of GDP in 2018 to 9.56 percent in 2048 as spending outpaces revenues.

CBO expects the Federal Reserve to continue increasing the federal funds rate through 2021 to eliminate excess demand in the economy. The federal funds rate is the interest rate that financial institutions charge each other for overnight loans of their monetary reserves.

In addition to an increase in the federal funds rate, the CBO projects that the interest rates on Treasury securities will also rise. The CBO projects that by 2021 the 10-Year Treasury Note will near 4%, up from a near term low of 1.37% in July of 2016.

Colorado

The Colorado Outlook – September 2018 report by the Office of State Planning and Budgeting (OSPB), presents the OSPB forecasts for Colorado economic and demographic indicators, including employment and unemployment, inflation, wages and income, population and migration. A summary of this information is presented here. The full report can be found at <https://www.colorado.gov>. Colorado's economic growth accelerated in the first half of 2018. Wage growth has risen above inflation in recent months and Colorado's employment growth has been robust and widespread across all industries and most regions. Oil and gas production has recovered from the mid-decade downturn but with lower levels of employment. Business formation is strong. However, slower labor force growth and tight housing market conditions are expected to limit growth in the later years of the forecast.

Colorado's strong economy is driving accelerated job growth across the state. All job industries are currently experiencing job growth, with most experiencing faster growth than a year ago. Mining and logging grew at the fastest rate in the last 12 months while Professional and Business Services added the most jobs.

The Leeds Business Confidence Index, published by the University of Colorado at Boulder's Leeds School of Business, measures business expectations for the two upcoming quarters. Positive expectations for Colorado's economic growth have declined slightly in recent quarters, but remains firmly optimistic. Employment and personal income growth combined with real GDP expansion have contributed to the confidence seen in 2018. This confidence has been tempered in more recent quarters by concerns regarding labor shortages, affordable housing and U.S. trade policy. When expectations for the economy are positive, businesses are more likely to hire and invest, which in turn facilitates economic growth. The recent trend in the index suggests that economic growth will likely remain positive in Colorado in the near term.

New business filings with the Colorado Secretary of State's office grew 8.1 percent in the first half of 2018 compared to the same period a year earlier. Increased levels of business formation indicate an optimism in the stability and growth of the economy. Business formation is also an important indicator of future job growth, since most new jobs are created by new businesses.

Stronger beef and grain prices have boosted agriculture in the first half of 2018, but drought and tariffs threaten continued growth. Colorado's rural economies, as measured by Colorado's Rural Mainstreet Index published by Creighton University, have experienced improving economic conditions since the beginning of 2018. Colorado oil production is at record highs, driven by stable oil prices, new drilling techniques, and more efficient operations. The oil industry employment remains nearly 20 percent below previous highs. Improved drilling techniques have reduced the time required to drill a well by more than 50 percent since 2014, allowing producers to remain profitable at lower price levels but also resulting in lower demand for labor.

Manufacturing growth has slowed, but industry expectations remain strong. Strong global economic growth and stable oil and gas prices have driven solid growth in regional manufacturing activity over the last two years. Tariffs, especially those on steel and aluminum, are contributing to rising input costs which is reducing manufacturer profit margins. Expectations for future manufacturing activity and hiring remain strong.

Colorado wage and salary growth is expected to increase at a slightly faster pace in 2018 compared with 2017, rising 5.8 percent. Wage and salary growth for Colorado is expected to moderate to 5.2 percent in 2019 and 2020.

Colorado housing permits are projected to increase 15.2 percent to 48,300 in 2018 driven by the continued demand for new housing construction. Housing permit growth is expected to level off in 2019 and 2020, growing 2.21 and 3.8 percent, respectively.

After a strong 14.1 percent increase in Fiscal Year (FY) 17-18, General Fund revenue is forecast to increase at a more moderate rate of 5.6 percent in FY 18-19. General Fund revenues are projected to increase at a rate of 5.9 percent in FY 19-20 with continued economic growth. The General Fund reserve is estimated to be a preliminary \$556.3 million above the required statutory reserve amount of 6.5 percent of appropriations in FY 17-18. Senate Bill 18-276 increased the reserve requirement to 7.25 percent beginning in FY 18-19. The General Fund reserve is projected to be \$212.7 million above the higher required reserve amount under this forecast and FY 18-19's budgeted expenditures.

Local

The following information has been obtained from Eagle County Comprehensive Annual Financial Report as of December 31, 2017 which can be found at:

https://www.eaglecounty.us/Finance/Documents/Eagle_County_Colorado_2017_CAFR_FINAL/

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 2016/2017 ski season saw a 2.8% decrease in Vail and Beaver Creek skier days. County sales tax receipts increased by approximately 1.1% in 2017.

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 golf courses decreased .2%. The Eagle-Vail golf course had the largest decrease, but was offset by a significant increase from the Vail Golf Course, which was under construction during 2016.

Unemployment rates have decreased significantly and are continuing to improve. After reaching a peak average of 9.6% in 2010, annual average rates declined steadily to 2.8% in 2016 and 2.3% in 2017.

The Eagle County Regional Airport reported a total of 159,234 enplanements in 2017, a 3.3% decrease from 2016. This decrease was primarily attributable to a decrease 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 cities: Atlanta, Chicago, Dallas, Denver, Houston, Los Angeles, Miami, Newark, New York, Salt Lake City, San Francisco, Toronto, and Washington D.C.

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 wilderness area outside of Dotsero is home to North America's largest elk herd.

Along with Vail Resorts, Inc., some of the larger organizations that employ Eagle County residents include Eagle County School District, Vail Health, Eagle County Government, the Sonnenalp Resort, and the Westin Riverfront Resort.

2017 Eagle County real estate ended the year with \$2,272,442,571 in total dollar volume representing 2,150 transactions. Average sales price county wide was \$1,066,076, the median sales price, county wide was \$530,000. Average sales price for residential real estate increased by 11.4% from \$970,184 in 2016 to \$1,081,027 in 2017, while median sales price for residential real estate increased slightly by 1.7% from \$585,000 in 2016 to \$595,000 in 2017.

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 complexes Riverview and Lake Creek Village Apartments), down payment assistance program ("DPA"), affordable senior housing (Golden Eagle and Seniors on Broadway Apartments) and Castle Peak Senior Life and Rehabilitation. Castle Peak Senior Life and Rehabilitation was developed jointly between Eagle County Housing and Development Authority and Augustana Care LLC, the owner and operator of the facility.

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. Ridership on ECO Transit busses increased from 921,000 in 2016 to 986,000 in 2017.

Long-term Financial Planning

The primary revenue sources for the District are based on the current provisions of the Colorado Public School Finance Act of 1994, as amended yearly. Funding provided under this Act, which is from local property taxes, specific ownership taxes from vehicle registration, and state equalization, was approximately 50% of the District's Government wide general revenues for fiscal year 2017-2018. The District received \$7,941.77 per pupil FTE as per pupil revenue (PPR) for FY18. This compares to \$8,434 for FY19, an increase of \$489.

Although Colorado's economic growth is one of the top in the nation, portions of the state statutes are in conflict. These conflicts have the potential to cause issues with the state's budget, including funding to school districts. Because of the "Great Recession", the State of Colorado's ability to increase revenues and provide additional funding to school districts is limited due to Colorado Revised Statute X (the TABOR amendment). In contrast to that, Amendment 23 guarantees per pupil funding for school districts will increase by at least the cost of inflation. Combining those two statutes with the requirement of increased Medicaid coverage and necessary increases to higher education, transportation, and public safety cause significant issues with the State of Colorado's budget. It is unknown at this time how these conflicts will be resolved and the impact to school district funding.

In addition, the assessed property value revisions required by the 1982 Gallagher Amendment have continued to limit increases in the residential assessed values used to levy taxes for the District, even though actual property values for most residential properties are higher. This amendment requires that the residential property share of the total assessed value in the state be stabilized at approximately 45% of the total.

However, by fixing the residential percentage share of property tax collections, an increasing portion of the taxes levied continues to be shifted to the commercial and nonresidential property owners. The most recent adjustment to the residential rate was to set the rate to 7.20%. The Colorado Legislative staff project the residential assessed valuation rate to decrease from 7.20% to 6.11% in future years. The resulting effect on the District and State may potentially impact per-pupil revenue.

For the 2018-19 fiscal year, the legislature increased base per pupil funding by 3.4% for K-12 public education as well as provided additional dollars for statewide student growth and a minimal reduction to the Budget Stabilization Factor. The Budget Stabilization Factor reduction to statewide total program funding as calculated in the School Finance Act is now \$672M, or 8.7%. For Eagle County Schools, the budget stabilization factor is \$5.2M for the 2018-19 fiscal year and \$60M 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 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 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, 2018, 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 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 2017-18 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. Bonds were sold for \$131,770,000 and generated \$22,332,115 in premium. As of June 30, 2018, there is \$44.1M of proceeds left to spend.

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, 2017. 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, McMahan and Associates, 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 the Board of Education for their interest in and support of the finance and accounting operations of Eagle County Schools.

Respectfully Submitted,

Sandra Mutchler

Sandra Mutchler, CPA, SFO
Chief Operating Officer



Chelsey Gerard
Director of Finance

Board of Education Members



Felicia Battle, District D; **Rebecca Cotton**, District C;
Melisa Rewold-Thuon, District F; **Kate Cocchiarella**, President, District B;
Tessa Kirchner, Vice President, District A; **Shelly Jarnot**, Secretary/Treasurer, District G;
Inga Haagenson Causey, District E

Superintendent's Leadership Team



Dr. Margarita LopezSuperintendent

Philip QualmanAsst. Superintendent of Student Services

Heather EbertsAsst. Superintendent of Learning Services

Traci Wodlinger..... Chief Strategy Officer

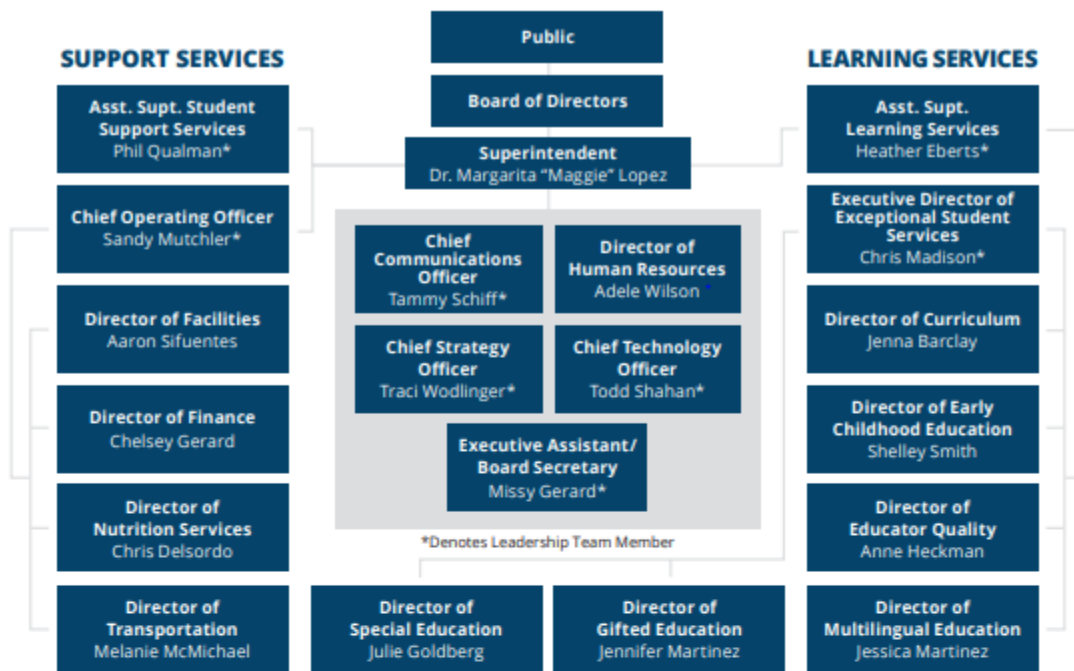
Sandra Mutchler.....Chief Operating Officer

Tammy Schiff.....Chief Communications Officer

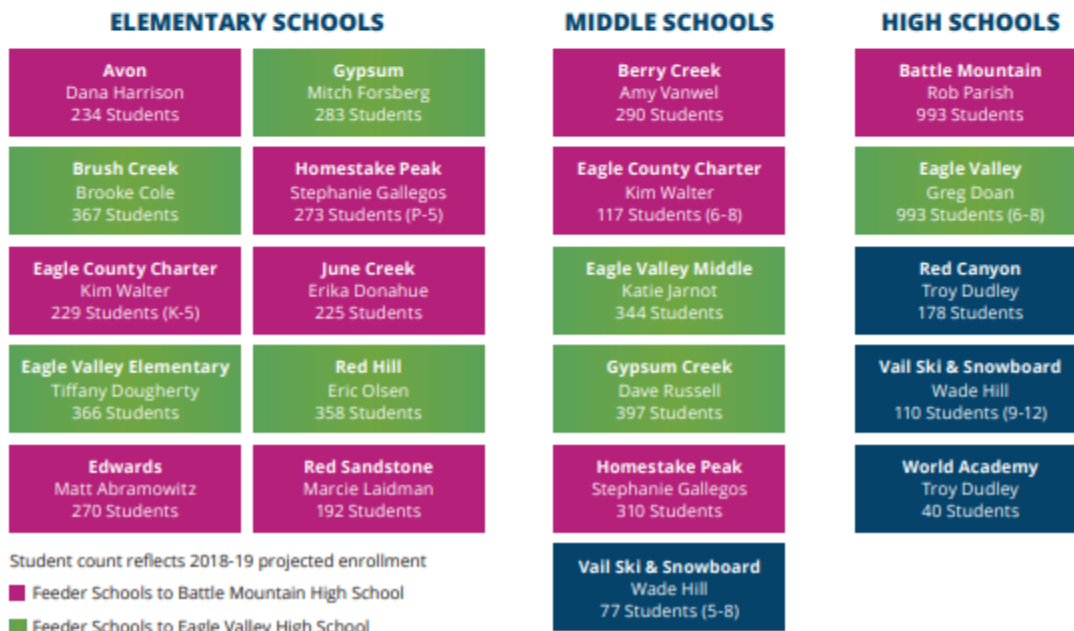
Todd Shahan.....Chief Technology Officer

Chris Madison.....Director of Exceptional Student Services

Adele Wilson.....Director of Human Resources



IN SUPPORT OF OUR SCHOOLS





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, 2017

Christopher P. Morrell

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Eagle County School District

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

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



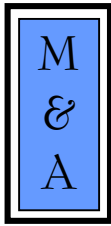
Charles E. Peterson, Jr., SFO, RSBA, MBA
President



John D. Musso, CAE
Executive Director



Financial Section



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Eagle County Schools
Eagle, Colorado**

Report on 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 Eagle County Schools, (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this include 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Eagle County Charter Academy, the discretely presented component unit of the District. Those financial statements were audited by other auditors whose report thereon has been furnished to use, and our opinion, insofar as it relates to the amounts included for Eagle County Charter Academy, is based on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considered internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also include evaluation of the appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall financial statement presentation.

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Eagle County Schools

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Eagle County Schools, as of June 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, in the year ended June 30, 2018, the District adopted Governmental Accounting Standards Board Statement No.75, Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B, and the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District Pension Contributions, Schedule of the District's Other Post-Employment Benefit, Schedule of Employer's Proportionate Share of the Other Post-Employment Benefits Liabilities, and the Notes to the Required Supplemental Information in Section E, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules in Section E are not a required part of the District's basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements taken as whole. The introductory section, combining fund financial statements, individual budgetary schedules, the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures and the statistical section listed in the accompanying table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements, the individual budgetary schedules, and the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements.

INDEPENDENT AUDITOR'S OPINION

To the Board of Education
Eagle County Schools

Other Matters (continued)

Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as 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 express no opinion or provide any assurance on them.

Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and is not a required part of the District's financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contract, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and on compliance.



McMahan and Associates, L.L.C.
November 13, 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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the letter of transmittal.

Financial Highlights

At June 30, 2018:

- The primary government has a government-wide deficit net position of \$171,389,543. 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 \$323,750,109.
- Total net position decreased by \$55,220,836 for the fiscal year, which is primarily due the net pension liability increasing by \$68,373,635 and the post-employment health benefit liability increasing by \$1,312,027.
- At the end of the current fiscal year, primary government's governmental funds reported combined ending fund balances of \$80,337,206 a decrease of \$83,116,704 from the prior year. This change is primarily related to the spending of bond proceeds on capital projects during the fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund is \$11,985,539 or 16.45% of total General Fund expenditures and transfers.

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 C1 – C3 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 C4 – C7 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 C8 – C10 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 C11 and F10 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 D1 – D37 of this report.

Other Information

In addition to the basic financial statements, accompanying notes, and the schedule of proportionate share, this report also contains other required supplementary information concerning the district's 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 E1 – E5 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 F1 – F10 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 \$172,218,449 (net position deficit) at June 30, 2018. 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 are \$104,657,545. Cash and investments equate to 95.63% 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 4.

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 2019.

Long-term liabilities such as long-term debt obligations and compensated absences will be liquidated from resources that will become available after fiscal year 2019. 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 and 75, 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 and OPEB investments, changes in the district's proportionate share of the net pension and OPEB liabilities, 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, 2018, the liabilities plus deferred inflows exceed assets plus deferred outflows of the primary government's governmental activities by \$172,218,449 with an unrestricted deficit net position of \$253,902,013. Prior to implementing GASB Statement No. 68 and 75, the district was able to report positive balances in all three categories of net position.

In fiscal year 2018, the amount of “capital assets, net of accumulated depreciation” for the primary government’s governmental activities increased by \$81,103,157 to \$237,647,302 which was related to the net impact of \$89,675,441 in additional assets less current year’s net deletions of \$3,788 and depreciation expense of \$8,568,496.

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 as of June 30, 2018 was \$2,534,700.

The \$84,271,422 increase in liabilities plus deferred inflows is primarily attributable to the district recognizing its proportionate share of PERA’s net pension liability of \$323,750,109 and proportionate share of PERA’s post-employment health care benefit liability of \$7,399,322.

Government-wide Activities

Total assets increased by \$7,661,341 and total deferred outflows of resources increased by \$15,354,177.

The table below provides a summary of the district’s net position as of June 30, 2018 compared to June 30, 2017.

**Comparative Summary of Net Position
As of June 30, 2018 and 2017**

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|-------------------------|----------------------|--------------------------|----------------|----------------------|----------------------|
| | FY 2018 | FY 2017 | FY 2018 | FY 2017 | FY 2018 | FY 2017 |
| Assets: | | | | | | |
| Current and other assets | 104,657,545 | 178,099,361 | 780,319 | 795,461 | 105,437,864 | 178,894,822 |
| Capital assets | 237,647,302 | 156,544,145 | 57,640 | 71,288 | 237,704,942 | 156,615,433 |
| Total Assets | <u>342,304,847</u> | <u>334,643,506</u> | <u>837,959</u> | <u>866,749</u> | <u>343,142,806</u> | <u>335,510,255</u> |
| Deferred Outflows | <u>125,391,144</u> | <u>110,036,967</u> | <u>-</u> | <u>-</u> | <u>125,391,144</u> | <u>110,036,967</u> |
| Liabilities: | | | | | | |
| Other liabilities | 24,295,760 | 24,578,072 | 9,053 | 7,752 | 24,304,813 | 24,585,824 |
| Long-term liabilities | 601,876,784 | 528,788,935 | - | - | 601,876,784 | 528,788,935 |
| Total Liabilities | <u>626,172,544</u> | <u>553,367,007</u> | <u>9,053</u> | <u>7,752</u> | <u>626,181,597</u> | <u>553,374,759</u> |
| Deferred Inflows | <u>13,741,896</u> | <u>2,276,011</u> | <u>-</u> | <u>-</u> | <u>13,741,896</u> | <u>2,276,011</u> |
| Net Position | | | | | | |
| Net investment | | | | | | |
| in capital assets | 16,652,565 | 14,276,986 | 57,640 | 84,936 | 16,710,205 | 14,361,922 |
| Restricted | 65,030,999 | 19,629,943 | - | - | 65,030,999 | 19,629,943 |
| Unrestricted | (253,902,013) | (145,103,309) | 771,266 | 767,780 | (253,130,747) | (144,335,529) |
| Total Net Position | <u>(172,218,449)</u> | <u>(111,196,380)</u> | <u>828,906</u> | <u>852,716</u> | <u>(171,389,543)</u> | <u>(110,343,664)</u> |



Governmental Activities

Governmental activities decreased the net position of the district \$55,195,375 during the year ended June 30, 2018. This decrease is a combination of increase in property tax revenues and investment income offset by the increase in the Districts proportionate share on the net pension liability, which was \$68,373,635.

The table below provides a summary of the district's change in net position for 2018 compared to 2017. The beginning fund balance for fiscal year 2018 includes a restatement of \$5,826,694 for the implementation of Governmental Accounting Standards Board Statement No. 75 and the transportation fund inventory balance. Refer to note 14 for more information.

**Comparative Summary of Changes in Net Position
As of June 30, 2018 and 2017**

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------------|-------------------------|----------------------|--------------------------|----------------|----------------------|----------------------|
| | FY 2018 | FY 2017 | FY 2018 | FY 2017 | FY 2018 | FY 2017 |
| Revenues: | | | | | | |
| Program revenues | | | | | | |
| Charges for services | 4,098,271 | 3,840,408 | 116,375 | 127,183 | 4,214,646 | 3,967,591 |
| Operating grants and contributions | 8,345,799 | 7,945,748 | - | - | 8,345,799 | 7,945,748 |
| Capital grants and contributions | - | 61,073 | - | - | - | 61,073 |
| General revenues | | | | | | |
| Property taxes | 68,777,621 | 68,961,670 | - | - | 68,777,621 | 68,961,670 |
| Specific ownership taxes | 3,761,219 | 3,136,892 | - | - | 3,761,219 | 3,136,892 |
| State revenue | 17,137,183 | 17,268,541 | - | - | 17,137,183 | 17,268,541 |
| Not restricted grants | 540,206 | 536,267 | - | - | 540,206 | 536,267 |
| Investment earnings | 1,927,169 | 711,466 | - | - | 1,927,169 | 711,466 |
| Gain (loss) on asset disposition | 100,000 | - | - | - | 100,000 | - |
| Other | 2,309,048 | 1,003,563 | - | - | 2,309,048 | 1,003,563 |
| Total revenues | <u>106,996,516</u> | <u>103,465,628</u> | <u>116,375</u> | <u>127,183</u> | <u>107,112,891</u> | <u>103,592,811</u> |
| Expenditures: | | | | | | |
| Instruction | 86,150,254 | 80,062,490 | - | - | 86,150,254 | 80,062,490 |
| Supporting services | 65,663,370 | 48,123,875 | - | - | 65,663,370 | 48,123,875 |
| District housing | - | - | 141,836 | 125,532 | 141,836 | 125,532 |
| Interest | 10,378,267 | 7,658,076 | - | - | 10,378,267 | 7,658,076 |
| Total Expenses | <u>162,191,891</u> | <u>135,844,441</u> | <u>141,836</u> | <u>125,532</u> | <u>162,333,727</u> | <u>135,969,973</u> |
| Change in net position | (55,195,375) | (32,378,813) | (25,461) | 1,651 | (55,220,836) | (32,377,162) |
| Net position- July 1 (as restated) | (117,023,074) | (78,817,567) | 854,367 | 852,716 | (116,168,707) | (77,964,851) |
| Net position - June 30 | <u>(172,218,449)</u> | <u>(111,196,380)</u> | <u>828,906</u> | <u>854,367</u> | <u>(171,389,543)</u> | <u>(110,342,013)</u> |

The table below provides a summary of the district's change in Assets & Deferred Outflows of Resources of Governmental Activities for 2018 compared to 2017.

**Comparative Summary of Assets & Deferred Outflows of Resources
of Governmental Activities
As of June 30, 2018 and 2017**

| | FY 2018 | FY 2017 | Increases (Decreases) |
|---|--------------------|--------------------|--------------------------|
| Assets: | | | |
| Cash and investments | 42,756,537 | 39,430,612 | 3,325,925 |
| Restricted cash and investments | 57,328,132 | 135,105,819 | (77,777,687) |
| Accounts receivable | 351,296 | 171,942 | 179,354 |
| Taxes receivable | 2,656,631 | 3,009,772 | (353,141) |
| Grants receivable | 1,185,298 | 296,671 | 888,627 |
| Other receivables | 806 | - | 806 |
| Due from component unit | 32,053 | - | 32,053 |
| Inventory | 346,792 | 84,545 | 262,247 |
| Land | 13,701,907 | 13,332,169 | 369,738 |
| Construction in progress | 97,263,256 | 8,907,486 | 88,355,770 |
| Buildings | 268,928,487 | 268,728,904 | 199,583 |
| Equipment and vehicles | 14,057,090 | 13,493,270 | 563,820 |
| Less accumulated depreciation | (156,303,438) | (147,917,684) | (8,385,754) |
| Total Assets | 342,304,847 | 334,643,506 | 7,661,341 |
| Deferred Outflows of Resources: | | | |
| Deferred charge on refunding | 7,595,516 | 9,341,813 | (1,746,297) |
| Pensions | 116,475,499 | 100,461,319 | 16,014,180 |
| Post employment health benefits (OPEB) | 1,320,129 | - | 1,320,129 |
| Total Deferred Outflows of Resources | 125,391,144 | 109,803,132 | 15,588,012 |

Total assets increased by \$7,661,341. The District spent down bond proceeds on a number of capital improvement projects during the year, which lead to a decrease in restricted cash of \$77,777,687, while payments previously accrued in accounts payable, as well as current additions have led to an increase in construction in progress of \$88,355,770.

The implementation of GASB Statement No. 75 related to PERA post-employment health benefits, along with the net difference between projected and actual earnings on pension plan investments, offset by the amortization of deferred refunding charges contributed to the increase of deferred outflows of resources at June 30, 2018.

The table below provides a summary of the district's change in Liabilities & Deferred Inflows of Resources of Governmental Activities for 2018 compared to 2017.

**Comparative Summary of Liabilities & Deferred Inflows of Resources
of Governmental Activities
As of June 30, 2018 and 2017**

| | FY 2018 | FY 2017 | Increases (Decreases) |
|--|--------------------|--------------------|--------------------------|
| Liabilities: | | | |
| Current Liabilities | | | |
| Accounts payable | 11,784,253 | 6,386,654 | 5,397,599 |
| Contracts payable | 3,192,912 | - | 3,192,912 |
| Accrued liabilities | 946,375 | 903,550 | 42,825 |
| Accrued salaries and benefits | 7,233,869 | 6,644,814 | 589,055 |
| Unearned revenue | 201,281 | 330,833 | (129,552) |
| Accrued interest payable | 937,070 | 992,404 | (55,334) |
| Noncurrent Liabilities: | | | |
| Due within one year | 9,778,509 | 9,319,817 | 458,692 |
| Due in more than one year | 260,948,844 | 273,412,461 | (12,463,617) |
| Net pension liability | 323,750,109 | 255,376,474 | 68,373,635 |
| Net post employment health benefits (OPEB) liability | 7,399,322 | - | 7,399,322 |
| Total Liabilities | 626,172,544 | 553,367,007 | 72,805,537 |
| Deferred Inflows of Resources: | | | |
| Pensions | 13,443,930 | 2,276,011 | 11,167,919 |
| Post employment health benefits (OPEB) | 297,966 | - | 297,966 |
| Total Deferred Inflows of Resources | 13,741,896 | 2,276,011 | 11,465,885 |

Accounts payable increased by \$5,397,598 along with contracts payable increasing \$3,192,912 due to the increased construction ongoing at June 30, 2018 compared to June 30, 2017. Overall liabilities increased due to increased construction activity as well as the increased proportionate share of the PERA net pension liability of \$68,373,635, along with the implementation of GASB Statement No. 75, which resulted in a net post-employment benefit liability of \$7,399,322. Refer to Note 11.

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 \$7,941.77 per funded pupil. For the fiscal year ended June 30, 2017, the funded pupil count was 7,706.68, a growth rate of 3.1% 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 2018, SFA per pupil funding increased by \$235.09 per student.

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

**Comparative Summary of Governmental Activities
For the Year Ended June 30, 2018 and 2017**

| | Total Cost of Service | | Net Cost of Services | |
|---------------------|-----------------------|--------------------|----------------------|--------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Instruction | 86,150,254 | 80,062,490 | 78,984,345 | 72,835,241 |
| Supporting services | 65,663,370 | 48,123,875 | 60,385,209 | 43,564,968 |
| Interest expense | 10,378,267 | 7,658,073 | 10,378,267 | 7,597,003 |
| | <u>162,191,891</u> | <u>135,844,438</u> | <u>149,747,821</u> | <u>123,997,212</u> |

The cost of all governmental activities this year was \$162,241,570 compared to \$135,844,438 last year. Charges for services financed the cost of services by the users of the districts programs in the amount of \$4,098,271, which is slightly more than the prior year. The total cost of services increased this year by \$26,397,132. The primary increase in total costs is due to an increase in employees, salaries, benefits and increases in the net pension liability. The majority of the district's net cost of services 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, 2018, the district's governmental funds reported combined fund balances of \$80,337,206, a decrease of \$83,116,704 from the prior year. Total unassigned fund balance of \$11,985,539 constitutes 14.92% of the total fund balance, which is available for spending at the district's discretion. The remainder of the fund balance is; assigned \$1,225,314, committed \$1,748,563, restricted for particular purposes \$65,030,999, and \$346,791 is non-spendable.

The table below provides a comparative summary of the district's Combining Balance Sheet for 2018 compared to 2017.

**Comparative Summary of Combining Balance Sheet
For the Year Ended June 30, 2018 and 2017**

| | 2018 | 2017 | Increases (Decreases) |
|---|--------------------|--------------------|--------------------------|
| Assets: | | | |
| Cash and investments | 42,756,537 | 39,430,612 | 3,325,925 |
| Restricted cash and investments | 57,328,132 | 135,105,819 | (77,777,687) |
| Accounts receivable | 352,102 | 171,942 | 180,160 |
| Taxes receivable | 2,656,630 | 3,009,772 | (353,142) |
| Grants receivable | 1,217,351 | 296,671 | 920,680 |
| Due from other funds | 565,014 | - | 565,014 |
| Prepaid expenses | - | - | - |
| Inventories | 346,791 | 84,545 | 262,246 |
| Total Assets | 105,222,557 | 178,099,361 | (72,876,804) |
| Liabilities: | | | |
| Accounts payable | 11,784,254 | 6,386,654 | 5,397,600 |
| Contracts payable | 3,192,912 | - | 3,192,912 |
| Due to other funds | 565,014 | - | 565,014 |
| Accrued liabilities | 946,375 | 903,550 | 42,825 |
| Accrued salaries and benefits | 7,233,865 | 6,644,814 | 589,051 |
| Unearned revenue | 201,281 | 330,833 | (129,552) |
| Total Liabilities | 23,923,701 | 14,265,851 | 9,657,850 |
| Deferred Inflows of Resources: | | | |
| Unavailable property taxes | 961,650 | 640,201 | 321,449 |
| Total Deferred Inflows of Resources: | 961,650 | 640,201 | 321,449 |
| Fund Balances: | | | |
| Non-spendable | 346,791 | 84,545 | 262,246 |
| Spendable: | | | |
| Restricted for mill levy override | 1,780,761 | 1,876,142 | (95,381) |
| Restricted for debt service | 16,583,973 | 16,186,060 | 397,913 |
| Restricted for capital outlay | 44,131,565 | 130,166,498 | (86,034,933) |
| Restricted for emergencies | 2,534,700 | 2,375,000 | 159,700 |
| Committed for capital outlay | 1,502,871 | 1,219,643 | 283,228 |
| Committed for transportation | 36,017 | 5,334 | 30,683 |
| Committed for nutrition services | 209,675 | 384,297 | (174,622) |
| Assigned for future projects | 1,225,314 | - | 1,225,314 |
| Unassigned | 11,985,539 | 10,895,790 | 1,089,749 |
| Total Fund Balances | 80,337,206 | 163,193,309 | (82,856,103) |
| Total Liabilities, Deferred Inflows, and Fund Balances | 105,222,557 | 178,099,361 | (72,876,804) |

The table below provides a comparative summary of the district's Revenues, Expenditures and Changes in Fund Balance for 2018 compared to 2017.

**Comparative Summary of Combining Statement of
Revenues, Expenditures, and Changes in Fund balance
For the Year Ended June 30, 2018 and 2017**

| | 2018 | 2017 | Increases (Decreases) |
|--|--------------------|--------------------|--------------------------|
| Revenues: | | | |
| Local sources | 81,144,486 | 78,490,853 | 2,653,633 |
| State sources | 20,927,284 | 20,757,187 | 170,097 |
| Federal sources | 4,503,297 | 4,611,192 | (107,895) |
| Total Revenues | <u>106,575,067</u> | <u>103,859,232</u> | <u>2,715,835</u> |
| Expenditures: | | | |
| Current | | | |
| Instruction | 43,254,796 | 45,751,135 | (2,496,339) |
| Support services | 35,854,289 | 32,548,311 | 3,305,978 |
| Capital outlay | 90,001,358 | 17,028,989 | 72,972,369 |
| Debt service | | | |
| Principal | 9,205,000 | 9,000,000 | 205,000 |
| Interest and fiscal charges | 11,476,328 | 8,468,699 | 3,007,629 |
| Total Expenditures | <u>189,791,771</u> | <u>112,797,134</u> | <u>76,994,637</u> |
| Excess (Deficiency) or Revenues Over Expenditures | (83,216,704) | (8,937,902) | (74,278,802) |
| Other Financing Sources (Uses): | | | |
| Refunding bonds issued | - | 131,770,000 | (131,770,000) |
| Premium on issuance | - | 22,332,115 | (22,332,115) |
| Payment to refunded bond escrow agent | - | (8,462,505) | 8,462,505 |
| Sale of capital assets | 100,000 | - | 100,000 |
| Transfers in | 2,787,650 | 3,328,625 | (540,975) |
| Transfers (out) | (2,787,650) | (3,328,625) | 540,975 |
| Total Other Financing Sources (Uses) | <u>100,000</u> | <u>145,639,610</u> | <u>(145,539,610)</u> |
| Net Change in Fund Balance | (83,116,704) | 136,701,708 | (219,818,412) |
| Fund Balance - Beginning of the Year (as restated) | <u>163,453,910</u> | <u>26,491,601</u> | <u>136,962,309</u> |
| Fund Balance - End of the Year | <u>80,337,206</u> | <u>163,193,309</u> | <u>(82,856,103)</u> |

General Fund:

The General Fund is the main operating fund of the district. The General Fund had \$74,664,262 in revenues and \$70,078,725 in expenditures and other financing uses of \$2,787,650. As of June 30, 2018, the General Fund reflects an ending fund balance of \$16,944,819, an increase of \$1,797,887 from the prior year. The increase is primarily the result of planned mill levy carryover of \$1,571,198.

Approximately 82.81% of General Fund expenditures are for staff salaries and benefits. For the 2017-2018 fiscal year, all returning employees received an increase of 4% for a cost of living increase as well as a 1% performance pay. Additionally, the district was required to make an additional 0.5% 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 the table below. The district spent 84.6% of General Fund dollars on instruction related activities. Schools and various departments include both instructional and support expenditures.

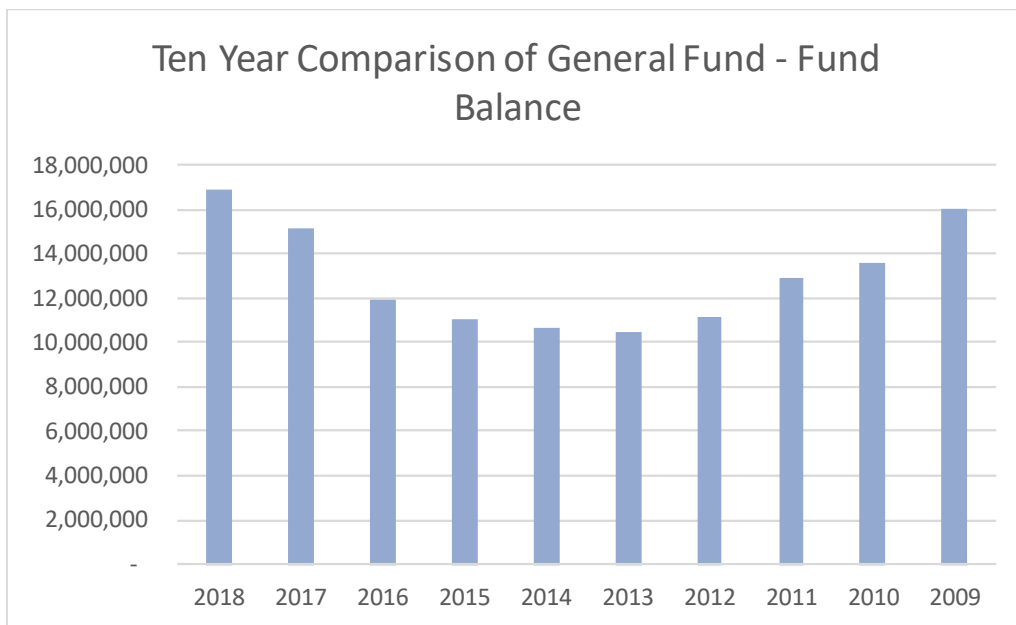
**General Fund Expenditures by School Level/Department
For the Year Ended June 30, 2018 and 2017**

| | 2018 | 2017 | Increases (Decreases) |
|------------------------------|------------|------------|--------------------------|
| Expenditures: | | | |
| Regular instruction | | | |
| Elementary schools | 20,031,575 | 19,510,482 | 521,093 |
| Middle schools | 6,575,313 | 6,387,187 | 188,126 |
| High schools | 15,565,253 | 14,650,752 | 914,501 |
| Special Instruction | | | |
| Exceptional student services | 8,239,565 | 7,959,028 | 280,537 |
| Early childhood | 4,106,344 | 3,504,129 | 602,215 |
| Support services | | | |
| Superintendent | 1,225,617 | 1,318,172 | (92,555) |
| Educator quality | 607,908 | 656,559 | (48,651) |
| Instructional services | 1,463,820 | 1,278,391 | 185,429 |
| Student services | 895,616 | 578,096 | 317,520 |
| Assessment | 105,291 | 149,116 | (43,825) |
| ELA | 2,784,478 | 2,947,991 | (163,513) |
| Community relations | 270,161 | 318,990 | (48,829) |
| Business services | 1,449,944 | 1,199,987 | 249,957 |
| Human resources | 1,535,755 | 1,375,089 | 160,666 |
| Maintenance | 2,046,746 | 1,911,745 | 135,001 |
| Technology | 2,905,339 | 2,499,187 | 406,152 |
| County services (PILT) | 270,000 | 239,500 | 30,500 |
| Transfers | 2,787,650 | 2,486,746 | 300,904 |
| Total Expenditures | 72,866,375 | 68,971,147 | 3,895,228 |

**General Operating Fund Expenditures by Function
For the Year Ended June 30, 2018 and 2017**

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|--------------------------------------|---------|---------|---------|---------|---------|
| Instruction | | | | | |
| Regular instruction | 62.27% | 60.41% | 60.11% | 59.20% | 60.91% |
| Support services - students | 6.18% | 5.67% | 5.50% | 5.02% | 4.26% |
| Support services - instructional | 8.15% | 6.58% | 7.29% | 7.98% | 6.32% |
| Total Instruction | 76.60% | 72.66% | 72.90% | 72.20% | 71.49% |
| Support | | | | | |
| School administration and operations | 23.01% | 26.98% | 26.83% | 27.36% | 28.07% |
| District wide / community service | 0.39% | 0.36% | 0.27% | 0.44% | 0.44% |
| Total Support | 23.40% | 27.34% | 27.10% | 27.80% | 28.51% |
| Total | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

An analysis of the district's General Fund ending fund balance is shown in the following chart. Over the 10 year period 2008-2009 to 2017-2018, the fund balance of the General Fund has fluctuated from a low of \$10,511,922 at June 30, 2013 to a high of \$16,944,818 at June 30, 2018.



Nutrition Services Fund:

The majority of the \$1,774,467 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 \$94,800 to reflect salary increases provided by the mill levy. This fund generated a \$190,360 decrease in fund balance.

Designated-Purpose Grant Fund:

Grant resources increased by \$542,243 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:

Revenues increased from prior year and expenditures stayed consistent with 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 increase in fund balance of \$48,066 resulted in an ending fund balance of \$314,001, after the restatement described in note 14. 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, 2018, \$104,330,134 was expended towards these capital projects.

Capital Reserve Fund:

Expenditures of \$1,688,772 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 \$116,375 with \$141,836 expended for a part-time employee, maintenance, utilities and depreciation resulting in an ending fund balance of \$828,907.

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. Supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

The district's original budget for the 2017-2018 fiscal year was adopted by the Board of Education at its June 14, 2017 meeting and the revised budget was adopted at its January 24, 2018 meeting. Revisions were made to the General Fund, Building Fund, Nutrition Services Fund, Capital Reserve Fund, and Transportation Fund:

General Fund:

The total General Fund appropriation was increased slightly due to increased funding provided by the School Finance Act based on student count, decrease of Per Pupil Revenue, and reallocation between local and state sources due to increased assessed value. Expenditures increased primarily to accommodate purchased services.

A Budgetary Comparison Schedule for the General Fund is included on page E1 of this document. Significant differences between final budgeted and actual revenues are as follows:

There is a \$1,392,974 positive variance between actual revenues and the final budget amount. There are some variances in property taxes, specific ownership tax, tuition and fees, investment income, other income, and special education resulting in a \$1,224,476 positive impact. The major increases include an increase in local sources above projected.

Total positive variance between final budget and actual expenditures is \$685,409, which is due to spending less than budgeted. This equates to approximately 1% 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, 2017 and 2018 are \$305,277,103 and \$394,766,014 respectively. Additional information on the district's capital assets can be found in Note 4 of this report.

At June 30, 2018, the district had total (principal and interest) bonded debt outstanding of \$351,010,144 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 \$945,907 outstanding at the end of the current fiscal year.

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, 2018, the district's legal debt limit is \$580,147,946 and the district's total outstanding general obligation bonds are under the legal debt limit by \$237,020,000.

Additional information on the district's long-term obligations can be found in Note 6 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 70% of the district's General Fund revenues are a result of State level decisions. The Colorado State Legislature approved the 2017-2018 School Finance Act (SFA) and increased the statewide per pupil base funding by inflation, or 3.4%, 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 \$6.7 million annually and has accumulated to over \$60 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 2018-2019 is \$8,434.

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, 2018

| | Primary Government | | | Component Unit |
|--|--------------------------------|---------------------------------|----------------------|-------------------------------------|
| | Governmental Activities | Business-type Activities | Total | Eagle County Charter Academy |
| Assets: | | | | |
| Current Assets: | | | | |
| Cash and investments | 42,756,537 | 780,319 | 43,536,856 | 2,245,137 |
| Restricted cash and investments | 57,328,132 | - | 57,328,132 | - |
| Accounts receivable | 351,296 | - | 351,296 | 1,492 |
| Taxes receivable | 2,656,631 | - | 2,656,631 | - |
| Grants receivable | 1,185,298 | - | 1,185,298 | - |
| Other receivables | 806 | - | 806 | - |
| Due from component unit | 32,053 | - | 32,053 | - |
| Prepaid expenses | - | - | - | 5,308 |
| Inventory | 346,792 | - | 346,792 | 8,675 |
| Capital Assets: | | | | |
| Land | 13,701,907 | 11,776 | 13,713,683 | - |
| Construction in progress | 97,263,256 | - | 97,263,256 | - |
| Buildings | 268,928,487 | 803,498 | 269,731,985 | 11,662,278 |
| Equipment and vehicles | 14,057,090 | - | 14,057,090 | 235,296 |
| Less accumulated depreciation | (156,303,438) | (757,634) | (157,061,072) | (1,956,546) |
| Total Assets | 342,304,847 | 837,959 | 343,142,806 | 12,201,640 |
| Deferred Outflows of Resources: | | | | |
| Deferred charge on refunding | 7,595,516 | - | 7,595,516 | - |
| Pensions | 116,475,499 | - | 116,475,499 | 5,047,288 |
| Post employment health benefits (OPEB) | 1,320,129 | - | 1,320,129 | 45,662 |
| Total Deferred Outflows of Resources | 125,391,144 | - | 125,391,144 | 5,092,950 |
| Liabilities: | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 11,784,253 | - | 11,784,253 | 85,615 |
| Contracts payable | 3,192,912 | - | 3,192,912 | - |
| Accrued liabilities | 946,375 | - | 946,375 | 13,674 |
| Due to primary government | - | - | - | 32,053 |
| Accrued salaries and benefits | 7,233,869 | 2,104 | 7,235,973 | 288,881 |
| Unearned revenue | 201,281 | - | 201,281 | 14,963 |
| Security Deposits | - | 6,949 | 6,949 | - |
| Accrued interest payable | 937,070 | - | 937,070 | - |
| Noncurrent Liabilities: | | | | |
| Due within one year | 9,778,509 | - | 9,778,509 | - |
| Due in more than one year | 260,948,844 | - | 260,948,844 | - |
| Net pension liability | 323,750,109 | - | 323,750,109 | 13,600,472 |
| Net post employment health benefits (OPEB) liability | 7,399,322 | - | 7,399,322 | 310,577 |
| Total Liabilities | 626,172,544 | 9,053 | 626,181,597 | 14,346,235 |
| Deferred Inflows of Resources: | | | | |
| Pensions | 13,443,930 | - | 13,443,930 | 636,325 |
| Post employment health benefits (OPEB) | 297,966 | - | 297,966 | 5,195 |
| Total Deferred Inflows of Resources | 13,741,896 | - | 13,741,896 | 641,520 |
| Net Position: | | | | |
| Net investment in capital assets | 16,652,565 | 57,640 | 16,710,205 | 9,941,028 |
| Restricted for: | | | | |
| Mill levy override | 1,780,761 | - | 1,780,761 | - |
| Capital renewal | 44,131,565 | - | 44,131,565 | 198,835 |
| Debt service | 16,583,973 | - | 16,583,973 | - |
| Emergencies | 2,534,700 | - | 2,534,700 | 119,000 |
| Unrestricted | (253,902,013) | 771,266 | (253,130,747) | (7,952,028) |
| Total Net Position | (172,218,449) | 828,906 | (171,389,543) | 2,306,835 |

Eagle County Schools
Statement of Activities
For the Year Ended June 30, 2018

| | | Program Revenues | | |
|--------------------------------|--------------------|-------------------------|----------------------|----------------------|
| | | Charges for | Operating | Capital |
| | Expenses | Services | Grants and | Grants and |
| | | | Contributions | Contributions |
| Functions/Programs | | | | |
| Primary Government | | | | |
| Governmental Activities: | | | | |
| Instruction | 86,150,254 | 1,981,341 | 5,184,568 | - |
| Supporting services | 65,663,370 | 2,116,930 | 3,161,231 | - |
| Interest on long-term debt | 10,378,267 | - | - | - |
| Total governmental activities | <u>162,191,891</u> | <u>4,098,271</u> | <u>8,345,799</u> | <u>-</u> |
| Business-type Activities: | | | | |
| District housing | 141,836 | 116,375 | - | - |
| Total business-type activities | <u>141,836</u> | <u>116,375</u> | <u>-</u> | <u>-</u> |
| Total Primary Government | <u>162,333,727</u> | <u>4,214,646</u> | <u>8,345,799</u> | <u>-</u> |
| Component Unit | | | | |
| Eagle County Charter Academy | <u>7,247,204</u> | <u>382,664</u> | <u>2,442</u> | <u>-</u> |

General revenues:

Local property taxes
Specific ownership taxes
State equalization
State capital construction
Grants and contributions not restricted to specific programs
Interest and investment earnings
Gain (loss) on asset disposition
Other income
Total general revenues

Change in net position

Net position - beginning (as restated)

Net position - ending

| Net (Expenses) Revenue and Changes in Net Position | | | |
|---|---------------------------------|---------------|-------------------------------------|
| Primary Government | | | Component Unit |
| Governmental Activities | Business Type Activities | Total | Eagle County Charter Academy |
| (78,984,345) | - | (78,984,345) | - |
| (60,385,209) | - | (60,385,209) | - |
| (10,378,267) | - | (10,378,267) | - |
| (149,747,821) | - | (149,747,821) | - |
| - | (25,461) | (25,461) | - |
| - | (25,461) | (25,461) | - |
| (149,747,821) | (25,461) | (149,773,282) | - |
| - | - | - | (6,862,098) |
| 68,777,621 | - | 68,777,621 | 819,664 |
| 3,761,219 | - | 3,761,219 | - |
| 17,137,183 | - | 17,137,183 | 2,639,715 |
| - | - | - | 87,582 |
| 540,206 | - | 540,206 | 718,926 |
| 1,927,169 | - | 1,927,169 | 22,814 |
| 100,000 | - | 100,000 | - |
| 2,309,048 | - | 2,309,048 | - |
| 94,552,446 | - | 94,552,446 | 4,288,701 |
| (55,195,375) | (25,461) | (55,220,836) | (2,573,397) |
| (117,023,074) | 854,367 | (116,168,707) | 4,880,232 |
| (172,218,449) | 828,906 | (171,389,543) | 2,306,835 |

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

**Eagle County Schools
Balance Sheet
Governmental Funds
June 30, 2018**

| | General Fund | Building Fund | Bond Redemption Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|-------------------------|--------------------------|-------------------------------------|---|---|
| Assets: | | | | | |
| Cash and investments | 24,610,373 | - | 16,175,310 | 1,970,854 | 42,756,537 |
| Restricted cash and investments | - | 56,877,917 | - | 450,215 | 57,328,132 |
| Accounts receivable | 307,645 | - | - | 44,457 | 352,102 |
| Taxes receivable | 1,928,229 | - | 691,690 | 36,711 | 2,656,630 |
| Grants receivable | 32,053 | - | - | 1,185,298 | 1,217,351 |
| Due from other funds | 565,014 | - | - | - | 565,014 |
| Inventories | - | - | - | 346,791 | 346,791 |
| Total Assets | 27,443,314 | 56,877,917 | 16,867,000 | 4,034,326 | 105,222,557 |
| Liabilities: | | | | | |
| Accounts payable | 2,230,814 | 9,553,440 | - | - | 11,784,254 |
| Contracts payable | - | 3,192,912 | - | - | 3,192,912 |
| Due to other funds | - | - | - | 565,014 | 565,014 |
| Accrued liabilities | 946,375 | - | - | - | 946,375 |
| Accrued salaries and benefits | 6,655,846 | - | - | 578,019 | 7,233,865 |
| Unearned revenue | - | - | - | 201,281 | 201,281 |
| Total Liabilities | 9,833,035 | 12,746,352 | - | 1,344,314 | 23,923,701 |
| Deferred Inflows of Resources: | | | | | |
| Unavailable property taxes | 665,460 | - | 283,027 | 13,163 | 961,650 |
| Fund Balances: | | | | | |
| Non-spendable - inventory | - | - | - | 346,791 | 346,791 |
| Spendable: | | | | | |
| Restricted for mill levy override | 1,572,198 | - | - | 208,563 | 1,780,761 |
| Restricted for debt service | - | - | 16,583,973 | - | 16,583,973 |
| Restricted for capital outlay | - | 44,131,565 | - | - | 44,131,565 |
| Restricted for emergencies | 2,534,700 | - | - | - | 2,534,700 |
| Committed for capital outlay | - | - | - | 1,502,871 | 1,502,871 |
| Committed for transportation | - | - | - | 36,017 | 36,017 |
| Committed for nutrition services | - | - | - | 209,675 | 209,675 |
| Assigned for future projects | 852,382 | - | - | 372,932 | 1,225,314 |
| Unassigned | 11,985,539 | - | - | - | 11,985,539 |
| Total Fund Balances | 16,944,819 | 44,131,565 | 16,583,973 | 2,676,849 | 80,337,206 |
| Total Liabilities, Deferred Inflows, and Fund Balances | 27,443,314 | 56,877,917 | 16,867,000 | 4,034,326 | 105,222,557 |

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

Eagle County Schools
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
June 30, 2018

| | | |
|---|-----------------------------------|---------------|
| Governmental Funds Total Fund Balance | | 80,337,206 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. | | 393,950,740 |
| Accumulated Depreciation is not recognized in the governmental fund because capital assets are expensed at the time of acquisition. | | (156,303,438) |
| 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. | | 961,650 |
| Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds: | | |
| | Bonds payable | (237,020,000) |
| | Bond premiums | (32,761,447) |
| | Deferred charge on refunding | 7,595,516 |
| | Accrued interest payable | (937,070) |
| | Compensated absences | (945,907) |
| | | (264,068,908) |
| Pension liability and related items are not due and payable in the current year and, therefore, are not reported in governmental funds: | | |
| | Pension Liability | (323,750,109) |
| | Pension related deferred inflows | (13,443,930) |
| | Pension related deferred outflows | 116,475,499 |
| | | (220,718,540) |
| OPEB liability and related items are not due and payable in the current year and, therefore, are not reported in governmental funds: | | |
| | OPEB Liability | (7,399,322) |
| | OPEB related deferred inflows | (297,966) |
| | OPEB related deferred outflows | 1,320,129 |
| | | (6,377,159) |
| Governmental Activities Net Position | | (172,218,449) |

Eagle County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

| | General Fund | Building Fund | Bond Redemption Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|-------------------------|--------------------------|-------------------------------------|---|---|
| Revenues: | | | | | |
| Local sources | 54,253,474 | 2,725,964 | 21,079,241 | 3,085,807 | 81,144,486 |
| State sources | 19,870,582 | - | - | 1,056,702 | 20,927,284 |
| Federal sources | 540,206 | - | - | 3,963,091 | 4,503,297 |
| Total Revenues | 74,664,262 | 2,725,964 | 21,079,241 | 8,105,600 | 106,575,067 |
| Expenditures: | | | | | |
| Current | | | | | |
| Instruction | 40,948,925 | - | - | 2,305,871 | 43,254,796 |
| Support services | 29,129,800 | - | - | 6,724,489 | 35,854,289 |
| Capital outlay | - | 88,312,586 | - | 1,688,772 | 90,001,358 |
| Debt service | | | | | |
| Principal | - | - | 9,205,000 | - | 9,205,000 |
| Interest and fiscal charges | - | - | 11,476,328 | - | 11,476,328 |
| Total Expenditures | 70,078,725 | 88,312,586 | 20,681,328 | 10,719,132 | 189,791,771 |
| Excess (Deficiency) or Revenues Over Expenditures | 4,585,537 | (85,586,622) | 397,913 | (2,613,532) | (83,216,704) |
| Other Financing Sources (Uses): | | | | | |
| Sale of capital assets | - | - | - | 100,000 | 100,000 |
| Transfers in | - | - | - | 2,787,650 | 2,787,650 |
| Transfers (out) | (2,787,650) | - | - | - | (2,787,650) |
| Total Other Financing Sources (Uses) | (2,787,650) | - | - | 2,887,650 | 100,000 |
| Net Change in Fund Balance | 1,797,887 | (85,586,622) | 397,913 | 274,118 | (83,116,704) |
| Fund Balance - Beginning of the Year (as restated) | 15,146,932 | 129,718,187 | 16,186,060 | 2,402,731 | 163,453,910 |
| Fund Balance - End of the Year | 16,944,819 | 44,131,565 | 16,583,973 | 2,676,849 | 80,337,206 |

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

Eagle County Schools
Reconciliation of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

Governmental Funds Changes in Fund Balances (83,116,704)

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.

| | | |
|----------------------|-------------|------------|
| Capital outlay | 89,675,441 | |
| Depreciation expense | (8,568,496) | |
| Disposals | (3,788) | |
| | 81,103,157 | 81,103,157 |

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. 321,449

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. 9,205,000

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 the following items:

| | | |
|--|--------------|--------------|
| Accrued interest payable | 55,333 | |
| Amortization of bond premiums | 2,789,024 | |
| Amortization of deferred charge on refunding | (1,746,297) | |
| Compensated absences payable | 10,901 | |
| Change in pension liability, deferred inflows, and deferred outflows | (70,722,917) | |
| Amortization of pension related deferred outflows | 8,098,807 | |
| Amortization of pension related deferred inflows | (903,264) | |
| Change in OPEB liability, deferred inflows, deferred outflows | (464,040) | |
| Amortization of OPEB related deferred outflows | 74,171 | |
| Amortization of OPEB related deferred inflows | 100,005 | |
| | (62,708,277) | (62,708,277) |

Governmental Activities Change in Net Position (55,195,375)

Eagle County Schools
Statement of Net Position
Proprietary Funds
June 30, 2018

| | Business-type Activities |
|----------------------------------|-------------------------------------|
| | District Housing |
| Assets: | |
| Current assets: | |
| Cash and investments | 780,319 |
| Total current assets | 780,319 |
| Capital assets: | |
| Land | 11,776 |
| Buildings | 803,498 |
| Less accumulated depreciation | (757,634) |
| Total capital assets | 57,640 |
| Total Assets | 837,959 |
| Liabilities: | |
| Accrued salaries and benefits | 2,103 |
| Security deposits | 6,949 |
| Total Liabilities | 9,052 |
| Net Position: | |
| Net investment in capital assets | 57,640 |
| Unrestricted | 771,267 |
| Total Net Position | 828,907 |

Eagle County Schools
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2018

| | Business-type Activities |
|---|-------------------------------------|
| | District Housing |
| Operating Revenues: | |
| Rental income | 116,375 |
| Total Operating Revenues | 116,375 |
| Operating Expenses: | |
| Salaries | 19,775 |
| Employee benefits | 7,597 |
| Purchased services | 86,812 |
| Supplies and materials | 14,004 |
| Depreciation | 13,648 |
| Total Operating Expenses | 141,836 |
| Change in Net Position | (25,461) |
| Net Position - Beginning of the Year | 854,368 |
| Net Position - End of the Year | 828,907 |

Eagle County Schools
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2018

| | Business-type Activities |
|--|-------------------------------------|
| | District Housing |
| Cash Flows From Operating Activities: | |
| Cash received from tenants | 118,378 |
| Cash paid to suppliers | (100,816) |
| Cash paid to employees | (30,019) |
| Net Cash Provided (Used) by Operating Activities | (12,457) |
| Cash and Cash Equivalents - Beginning of the Year | 792,776 |
| Cash and Cash Equivalents - End of the Year | <u>780,319</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | |
| Operating income (loss) | (25,461) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | |
| Depreciation expense | 13,648 |
| (Increase) decrease in accounts receivable | 2,684 |
| Increase (decrease) in accrued salaries and benefits | (2,647) |
| Increase (decrease) in security deposits | (681) |
| Total Adjustments | 13,004 |
| Net Cash Provided (Used) by Operating Activities | (12,457) |

Eagle County Schools
Statement of Fiduciary Net Position
Fiduciary Fund
Student Activities Fund
June 30, 2018

Assets:

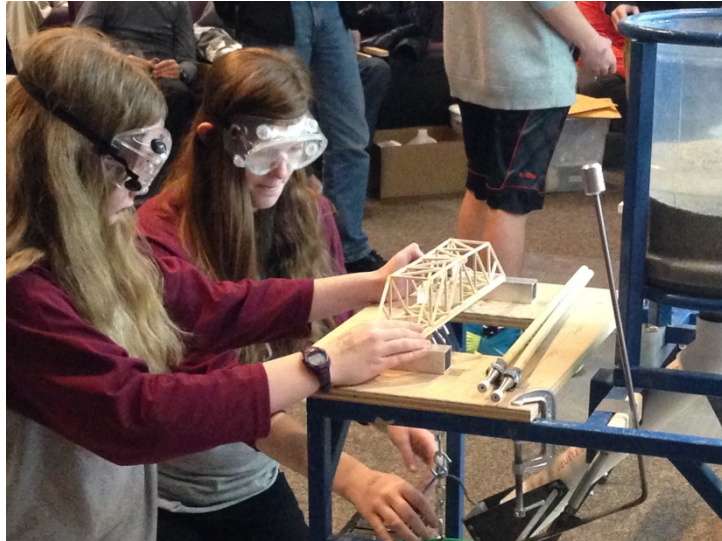
| | |
|----------------------|------------------|
| Cash and investments | <u>1,367,902</u> |
|----------------------|------------------|

| | |
|---------------------|--------------------------------|
| Total Assets | <u><u>1,367,902</u></u> |
|---------------------|--------------------------------|

Liabilities:

| | |
|---|------------------|
| Due to student activities and other organizations | <u>1,367,902</u> |
|---|------------------|

| | |
|--------------------------|--------------------------------|
| Total Liabilities | <u><u>1,367,902</u></u> |
|--------------------------|--------------------------------|



Notes to the Financial Statements

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

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 the Financial Statements
June 30, 2018

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 the Financial Statements
June 30, 2018

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.

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.

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

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

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. Investments are reported at fair value or net asset value.

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. Transportation fund inventories are valued at cost.

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.

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

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

Assets, Liabilities and Fund Equity *(continued)*

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.

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 (SCHDTF), 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.

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

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

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

Assets, Liabilities and Fund Equity *(continued)*

Deferred Outflows and Inflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow if resources (expense/expenditures) until then. The District has three items that qualify for reporting under this category on the Statement of Net Position. One item is deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. The other two items are the collective deferred outflows related to the District's net pension and other post-employment benefit obligations ("OPEB"). Pension and OPEB contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a reduction of the net pension or OPEB liability in future periods. See Notes 10 and 11.

Deferred inflows of resources represent an acquisition of net position that applied to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. Unavailable revenue from property taxes, reported in the governmental balance sheet, are deferred and recognized as an inflow from resources in the period that the amounts become available. The other two items are the collective deferred inflows related to the District's net pension and OPEB obligations are reported on the Statement of Net Position and are amortized over the average remaining service life of all active and inactive plan members. See Notes 10 and 11.

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 the Financial Statements
June 30, 2018

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 2018 are certified to the county in December 2017 and are available for collection on the levy date, January 1, 2018. 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.

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

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

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

Revenues *(continued)*

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 the Financial Statements
June 30, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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.

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.

TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR required, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY *(continued)*

TABOR Amendment (continued)

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending. The District has reserved \$2,534,700 of its June 30, 2018 year-end General Fund balance for emergencies as required under TABOR.

On November 7, 2000, the District's electorate approved a ballot question authorizing the District to collect, retain, and expend all revenues collected notwithstanding the revenues and spending limitations contained in TABOR. All funds received by the District from its mill levy/override budget elections and pursuant to the school amendments are exempt from the revenue limitations of TABOR pursuant to the applicable authorizing elections.

The District believes it is in compliance with the requirements of the TABOR Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions will require judicial interpretation.



Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 3: CASH AND INVESTMENTS

At June 30, 2018, the District had the following cash and investments:

| | Rating | Carrying Amounts | Maturities | |
|-----------------------------|-----------|---------------------|-----------------------|----------------------|
| | | | Less than One Year | One to Five Years |
| <i>Deposits:</i> | | | | |
| Cash on Hand | | 1,400 | 1,400 | - |
| Checking Accounts | Not rated | 701,416 | 701,416 | - |
| Savings Accounts | Not rated | 474,474 | 474,474 | - |
| <i>Investments:</i> | | | | |
| Government Investment Pools | AAAm | 101,055,600 | 101,055,600 | - |
| Total | | 102,232,890 | 102,232,890 | - |

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

| | |
|----------------------------------|--------------------|
| Cash and Investments | 43,536,856 |
| Restricted Cash and Investments | 57,328,132 |
| Agency Fund Cash and Investments | 1,367,902 |
| Total | <u>102,232,890</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, 2018, the District had bank deposits of \$16,353,664 collateralized with securities held by the financial institution's agent but not in the District's name.

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 3: 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.

Fair Value Measurements- The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments or other observable inputs; and Level 3 inputs are unobservable inputs. At June 30, 2018, the District had the following recurring value measurements:

| <u>Investments Measured at Net Asset Value</u> | <u>Total</u> |
|--|--------------|
| Colotrust | 101,055,600 |

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 3: CASH AND INVESTMENTS (continued)

Investments (continued)

Local Government Investment Pool - At June 30, 2018, the District was 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 operates in conformity with the Securities and Exchange Commission's Rule 2a-7 with each share equal in value to \$1.00.

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, 2018, the had the following restricted cash and investments:

| | <u>Amount</u> | <u>Purpose</u> |
|----------------------|-------------------|------------------|
| Capital Reserve Fund | 450,215 | Capital projects |
| Building Fund | 56,877,917 | Debt proceeds |
| | <u>57,328,132</u> | |



Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 4: CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2018, is summarized below:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|------------------------------|------------------|------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | 13,332,169 | 369,738 | - | 13,701,907 |
| Construction in progress | 8,907,486 | 88,355,770 | - | 97,263,256 |
| Total capital assets not depreciated | 22,239,655 | 88,725,508 | - | 110,965,163 |
| Capital assets being depreciated: | | | | |
| Buildings and Improvements | 268,728,904 | 199,583 | - | 268,928,487 |
| Equipment and Vehicles | 13,493,270 | 750,350 | (186,530) | 14,057,090 |
| Total capital assets being depreciated | 282,222,174 | 949,933 | (186,530) | 282,985,577 |
| Less accumulated depreciation for: | | | | |
| Buildings and Improvements | (136,677,159) | (8,046,245) | - | (144,723,404) |
| Equipment and Vehicles | (11,240,525) | (522,251) | 182,742 | (11,580,034) |
| Total accumulated depreciation | (147,917,684) | (8,568,496) | 182,742 | (156,303,438) |
| Total capital assets, net | 156,544,145 | 81,106,945 | (3,788) | 237,647,302 |
| | Beginning Balance | Additions | Deletions | Ending Balance |
| Business-Type Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | 11,776 | - | - | 11,776 |
| Total capital assets not depreciated | 11,776 | - | - | 11,776 |
| Capital assets being depreciated: | | | | |
| Building | 803,498 | - | - | 803,498 |
| Total capital assets being depreciated | 803,498 | - | - | 803,498 |
| Less accumulated depreciation for: | | | | |
| Building | (743,986) | (13,648) | - | (757,634) |
| Total accumulated depreciation | (743,986) | (13,648) | - | (757,634) |
| Total capital assets, net | 71,288 | (13,648) | - | 57,640 |

Depreciation expense was charged to the following programs for the year ended June 30, 2018:

| | |
|---------------------------------|---------------------|
| Governmental activities: | Depreciation |
| Instruction | 5,997,947 |
| Supporting Services | 2,570,549 |
| Total Governmental activities | 8,568,496 |

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 5: SHORT-TERM DEBT

During the year ended June 30, 2018, the District borrowed \$19,476,799 from the State-sponsored interest-free loan program to provide cash flow throughout the fiscal year. The loan was paid in full in May 2018, from property taxes received in February and March.

NOTE 6: LONG-TERM DEBT

Following is a summary of long-term debt transactions of the District for the year ended June 30, 2018.

| | July 1, 2017 | Additions | Deletions | June 30, 2018 | Due Within One Year |
|--|-------------------------|-------------------|---------------------|--------------------------|--------------------------------|
| Governmental activities: | | | | | |
| General Obligation Bonds: | | | | | |
| 2017 Refunding Bonds | 131,770,000 | - | - | 131,770,000 | - |
| Bond Premium | 21,862,856 | - | (1,150,677) | 20,712,179 | - |
| 2013 Refund Bonds | 101,875,000 | - | (3,070,000) | 98,805,000 | 3,220,000 |
| Bond Premium | 13,198,515 | - | (1,319,851) | 11,878,664 | - |
| 2009 Refunding Bonds | 3,800,000 | - | (1,855,000) | 1,945,000 | 1,945,000 |
| Bond Premium | 147,892 | - | (147,892) | - | - |
| 2005 Refunding Bonds | 8,780,000 | - | (4,280,000) | 4,500,000 | 4,500,000 |
| Bond Premium | 341,207 | - | (170,604) | 170,603 | - |
| Total General Obligation Bonds | <u>281,775,470</u> | <u>-</u> | <u>(11,994,024)</u> | <u>269,781,446</u> | <u>9,665,000</u> |
| Compensated absences | 956,808 | 434,335 | (445,236) | 945,907 | 113,509 |
| Net unfunded pension liability | 255,376,474 | 68,373,635 | - | 323,750,109 | - |
| Net unfunded OPEB liability | <u>-</u> | <u>7,399,322</u> | <u>-</u> | <u>7,399,322</u> | <u>-</u> |
| Governmental activity long-term liabilities | <u>538,108,752</u> | <u>76,207,292</u> | <u>(12,439,260)</u> | <u>601,876,784</u> | <u>9,778,509</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 2016, were issued to construct new school facilities and provide for other capital improvement projects. Principal payments are due annually on December 1, 2016, through 2036. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates of 5% per annum. The refunding resulted in increased debt service payments of \$143,127 over the next 20 years and an economic loss of \$9,609.

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 6: 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.
- \$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 |
| 2019 | 9,665,000 | 11,014,931 | 20,679,931 |
| 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 | 11,670,000 | 9,014,813 | 20,684,813 |
| 2024-2028 | 63,420,000 | 36,845,350 | 100,265,350 |
| 2029-2033 | 65,915,000 | 22,183,900 | 88,098,900 |
| 2034-2037 | 54,495,000 | 4,815,125 | 59,310,125 |
| Totals | <u>237,020,000</u> | <u>113,990,144</u> | <u>351,010,144</u> |

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. As a result the refunded bonds are considered defeased and the liability has been removed from the financial statements.

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.

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 7: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2018, consisted of the following:

| <u>Transfers In</u> | | | | |
|----------------------|-------------------------------|----------------------------|-----------------------|------------------|
| <u>Transfers Out</u> | <u>Nutrition Services</u> | <u>Capital Reserve</u> | <u>Transportation</u> | <u>Total</u> |
| General | 94,800 | 1,909,300 | 783,550 | 2,787,650 |
| Total | <u>94,800</u> | <u>1,909,300</u> | <u>783,550</u> | <u>2,787,650</u> |

The General Fund transfers a portion of its funding to the Capital Reserve Fund to be used for capital purposes. The General Fund subsidizes the student transportation program reported in the Transportation Fund. The General Fund subsidized the nutrition services program in the Nutrition Services Fund.

NOTE 8: 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.

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 9: 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, 2018, the District paid \$29,816 to the BOCES.

NOTE 10: DEFINED BENEFIT PENSION PLAN

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

At June 30, 2018, the District reported a net pension liability of \$323,750,109, representing its proportionate share of the net pension liability of the SDTF. The net pension liability was measured at December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total pension liability to December 31, 2017.

The 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, 2017, relative to the contributions of all participating employers. At December 31, 2017, the District's proportionate share was 1.0011926156%, which was an increase of 0.1434724073% from its proportionate share at December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$63,527,374. At June 30, 2018, 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 |
|--|---|--|
| Difference between expenses and actual experience | 5,952,400 | - |
| Change of assumptions or other inputs | 82,665,431 | 524,575 |
| Net difference between projected and actual earnings on pension plan investments | - | 12,713,975 |
| Changes in proportionate share of contributions | 23,649,057 | 205,380 |
| Difference between actual and reported contributions recognized | - | - |
| Contributions subsequent to measurement date | 4,208,611 | - |
| | <u>116,475,499</u> | <u>13,443,930</u> |

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 10: 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 December 31, 2017, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows or resources related to pensions will be recognized as pension expense as follows.

| Year Ended June 30, | Amortization |
|--------------------------------|---------------------|
| 2019 | 58,588,453 |
| 2020 | 36,763,230 |
| 2021 | 3,476,059 |
| 2022 | (4,784) |
| | 98,822,958 |

Actuarial Assumptions – The actuarial valuation as of December 31, 2016, determined the total pension liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

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

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

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 10: DEFINED BENEFIT PENSION PLAN *(continued)*

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

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

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

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

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

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

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

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 10: DEFINED BENEFIT PENSION PLAN (continued)

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

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:

| Asset Class | Target Allocation | 10 Year Expected Geometric Real Rate of Return |
|-----------------------------------|--------------------------|---|
| U.S. Equity - Large Cap | 21.20% | 4.30% |
| U.S. Equity - Small Cap | 7.42% | 4.80% |
| Non U.S. Equity - Developed | 18.55% | 5.20% |
| Non U.S. Equity - Emerging | 5.83% | 5.40% |
| Core Fixed Income | 19.32% | 1.20% |
| High Yield | 1.38% | 4.30% |
| Non U.S. Fixed Income - Developed | 1.84% | 0.60% |
| Emerging Market Bonds | 0.46% | 3.90% |
| Core Real Estate | 8.50% | 4.90% |
| Opportunity Fund | 6.00% | 3.80% |
| Private Equity | 8.50% | 6.60% |
| Cash | 1.00% | 0.20% |
| Total | 100.00% | |

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



Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 10: 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 4.78 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 10: DEFINED BENEFIT PENSION PLAN *(continued)*

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

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

| | 1% Decrease (3.78%) | Current Discount Rate (4.78%) | 1% Increase (5.78%) |
|--|--------------------------------|--|--------------------------------|
| Collective Net Pension Liability | 40,846,431,000 | 32,336,446,000 | 25,401,780,000 |
| Proportionate Share of Net Pension Liability | 408,951,451 | 323,750,109 | 254,320,746 |

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.

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

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 10: DEFINED BENEFIT PENSION PLAN *(continued)*

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

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

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

At June 30, 2018, the District reported a liability of \$323,750,109 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the District's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

| | Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 | Proportionate Share of the Estimated Net Pension Liability Using Plan Provisions Required by SB 18-200 |
|--|---|---|
| Collective Net Pension Liability | 7.25% | 14,609,326,000 |
| Proportionate Share of Net Pension Liability | 7.25% | 146,267,493 |

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$151,128,574 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 11: HEALTH CARE TRUST FUND

Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported a liability for Other Post-Employment Benefits ("OPEB") of \$7,399,322 for its proportionate share of net OPEB. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2017. The District's proportion of the net OPEB liability was based on District contributions to the Health Care Trust Fund ("HCTF") for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District proportion was 0.5693537703%, which was an increase of 0.0818131809% from its proportionate share as of December 31, 2016.

For the year ended June 30, 2018, the District recognized other post-employment benefit expense of \$464,040. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference between expenses and actual experience | 34,992 | - |
| Net difference between projected and actual earnings on plan investments | - | 123,789 |
| Changes in proportionate share of contributions | 1,060,736 | 174,177 |
| Contributions subsequent to measurement date | 224,401 | - |
| | <u>1,320,129</u> | <u>297,966</u> |

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 11: HEALTH CARE TRUST FUND (continued)

Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Contributions subsequent to the measurement date of December 31, 2017, which are reported as deferred outflows of resources related to other post-employment benefits, will be recognized as a reduction of the net other post-employment benefits liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30, | Amortization |
|--------------------------------------|---------------------|
| 2019 | (150,104) |
| 2020 | (150,104) |
| 2021 | (150,104) |
| 2022 | (150,116) |
| 2023 | (181,054) |
| Thereafter | (16,280) |
| | <u>(797,762)</u> |

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

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

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 11: HEALTH CARE TRUST FUND *(continued)*

Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB *(continued)*

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

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

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

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

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

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

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 11: HEALTH CARE TRUST FUND *(continued)*

Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB *(continued)*

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

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 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 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

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

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

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

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 11: HEALTH CARE TRUST FUND *(continued)*

Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB *(continued)*

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

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

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

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

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 11: HEALTH CARE TRUST FUND (continued)

Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

| Asset Class | Target Allocation | 10 Year Expected Geometric Real Rate of Return |
|-----------------------------------|--------------------------|---|
| U.S. Equity - Large Cap | 21.20% | 4.30% |
| U.S. Equity - Small Cap | 7.42% | 4.80% |
| Non U.S. Equity - Developed | 18.55% | 5.20% |
| Non U.S. Equity - Emerging | 5.83% | 5.40% |
| Core Fixed Income | 19.32% | 1.20% |
| High Yield | 1.38% | 4.30% |
| Non U.S. Fixed Income - Developed | 1.84% | 0.60% |
| Emerging Market Bonds | 0.46% | 3.90% |
| Core Real Estate | 8.50% | 4.90% |
| Opportunity Fund | 6.00% | 3.80% |
| Private Equity | 8.50% | 6.60% |
| Cash | 1.00% | 0.20% |
| Total | 100.00% | |

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

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

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|---|-----------------------------------|----------------------------|-----------------------------------|
| PERA Care Medicare Trend Rate | 4.00% | 5.00% | 6.00% |
| Initial Medicare Part A Trend Rate | 2.00% | 3.00% | 4.00% |
| Ultimate Medicare Part A Trend | 3.25% | 4.25% | 5.25% |
| Collective Net OPEB Liability | 1,263,843,000 | 1,299,600,000 | 1,342,667,000 |
| Proportionate Share of Net OPEB Liability | 7,195,738 | 7,399,322 | 7,644,525 |

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 11: HEALTH CARE TRUST FUND (continued)

Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|--------------------------------|--|--------------------------------|
| Collective Net OPEB Liability | 1,461,159,000 | 1,299,600,000 | 1,161,705,000 |
| Proportionate Share of Net OPEB Liability | 8,319,164 | 7,399,322 | 6,614,211 |

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

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 12: OTHER INFORMATION

Defined Benefit Pension Plan

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

Benefits provided as of December 31, 2017. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and / or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 12: OTHER INFORMATION*(continued)*

Defined Benefit Pension Plan (continued)

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments ("COLAs"), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the SCHDTF.

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

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

Contributions as of June 30, 2018. Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below with rates expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42):

| | For the Year Ended December 31, | |
|--|--|-------------|
| | 2017 | 2018 |
| Employer Contribution Rate | 10.15% | 10.15% |
| Amount of the Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f) | (1.02)% | (1.02)% |
| Amount Apportioned to the SCHDTF | 9.13% | 9.13% |
| Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-411 | 4.50% | 4.50% |
| Supplemental Amortization Equalization Disbursement (SAED as presented in C.R.S. 24-51-411 | 5.00% | 5.50% |
| Total Employer Contribution Rate to the SCHDTF | 18.63% | 19.13% |

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$8,598,068 for the year ended June 30, 2018.

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 12: OTHER INFORMATION *(continued)*

Postemployment Healthcare Benefits

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

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

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

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

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

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 12: OTHER INFORMATION *(continued)*

Postemployment Healthcare Benefits *(continued)*

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

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

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$447,278 for the year ended June 30, 2018.

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 13: 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, 2018 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.

Construction Commitments

The District had the following contractual commitments at June 30, 2018:

| Fund | Project | Contract Commitment | Completed | Retainage | Remaining |
|-------------|---------------------------------|--------------------------------|---------------------|------------------|-------------------|
| Building | Eagle Valley High School | 30,493,581 | (25,539,749) | 1,060,648 | 6,014,480 |
| Building | Eagle Valley Middle School | 24,103,178 | (16,467,470) | 801,443 | 8,437,151 |
| Building | Integra | 2,760,972 | (2,617,259) | 130,863 | 274,576 |
| Building | Eagle Valley Elementary School | 23,920,372 | (20,433,637) | 1,003,675 | 4,490,410 |
| Building | Red Canyon High School | 5,386,857 | (1,141,476) | 45,060 | 4,290,441 |
| Building | Red Sandstone Elementary School | 13,272,936 | (922,354) | 46,118 | 12,396,700 |
| Building | DLR / CMGC | 5,283,965 | (4,690,274) | - | 593,691 |
| Building | RLH Engineering | 1,435,712 | (1,156,313) | - | 279,399 |
| Building | Venture Tech | 2,068,168 | (1,193,632) | - | 874,536 |
| Building | Interconnex | 791,435 | (636,891) | - | 154,544 |
| Building | Office Scapes | 2,862,909 | (1,437,512) | - | 1,425,397 |
| Building | Commercial Specialists | 317,870 | (181,785) | - | 136,085 |
| Building | PCM | 611,900 | (160,240) | - | 451,660 |
| Building | Arapahoe Roofing | 2,666,466 | (500,491) | 50,049 | 2,216,024 |
| | | 115,976,321 | (77,079,083) | 3,137,856 | 42,035,094 |

Eagle County Schools
Notes to the Financial Statements
June 30, 2018

NOTE 14: RESTATEMENT OF NET POSITION AND FUND BALANCE

In 2018, the District's Transportation Fund was restated by \$260,601, from \$5,334 to \$265,935, which was the result of the District including previously expensed purchases of inventory on the balance sheet.

In 2018, the District implemented Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, requires employers to recognize their long-term obligation for OPEB as a liability and OPEB related deferred outflows of resources and deferred inflows of resources on the Statement of Net Position. As such, the District's 2018 financial statements report a restatement of net position on the Statement of Activities for governmental activities for \$(6,087,295) which was the net amount of the District's long-term obligation of \$(6,321,130) and deferred outflows of resources of \$233,835 related to OPEB benefits at June 30, 2017. The District governmental activities were restated from \$(111,196,380) to \$(117,023,074), which also includes the Transportation Fund restatement of \$260,601.

REQUIRED SUPPLEMENTARY INFORMATION

Eagle County Schools
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2018
(With Comparative Totals For the Year Ended 2017)

| | 2018 | | | | 2017 |
|--|--------------------|--------------------|--------------------|------------------------------------|--------------------|
| | Original Budget | Final Budget | Actual Amounts | Variance Positive (Negative) | Actual Amounts |
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Property taxes | 44,330,510 | 46,542,280 | 46,331,256 | (211,024) | 44,863,763 |
| Specific ownership taxes | 3,325,050 | 3,340,600 | 3,707,906 | 367,306 | 3,086,534 |
| Delinquent taxes, penalties, and interest | - | 71,000 | 49,053 | (21,947) | 67,639 |
| Tuition and fees | 889,040 | 973,695 | 1,150,572 | 176,877 | 941,182 |
| Pupil activities | 691,650 | 743,594 | 830,769 | 87,175 | 781,864 |
| Charter school services | 516,740 | 516,740 | 561,237 | 44,497 | 526,470 |
| Investment income | 125,000 | 190,000 | 322,873 | 132,873 | 153,394 |
| Other | 828,960 | 843,606 | 1,299,808 | 456,202 | 1,136,521 |
| Total Local Sources | 50,706,950 | 53,221,515 | 54,253,474 | 1,031,959 | 51,557,367 |
| State Sources: | | | | | |
| State equalization | 19,438,330 | 17,056,797 | 17,137,183 | 80,386 | 17,268,541 |
| Special education | 1,160,000 | 1,147,708 | 1,449,950 | 302,242 | 1,446,132 |
| English language proficiency act | 800,000 | 784,495 | 733,824 | (50,671) | 799,153 |
| Other | 494,750 | 520,591 | 549,625 | 29,034 | 496,581 |
| Total State Sources | 21,893,080 | 19,509,591 | 19,870,582 | 360,991 | 20,010,407 |
| Federal Sources: | | | | | |
| Grants | 540,000 | 540,182 | 540,206 | 24 | 536,267 |
| Total Federal Sources | 540,000 | 540,182 | 540,206 | 24 | 536,267 |
| Total Revenues | 73,140,030 | 73,271,288 | 74,664,262 | 1,392,974 | 72,104,041 |
| Expenditures: | | | | | |
| Salaries | 42,874,592 | 42,309,252 | 42,100,340 | 208,912 | 40,749,499 |
| Employee benefits | 15,268,434 | 15,331,860 | 15,934,889 | (603,029) | 14,601,371 |
| Purchased services | 5,907,530 | 6,467,375 | 6,279,582 | 187,793 | 5,721,408 |
| Supplies and materials | 4,698,031 | 4,725,577 | 4,328,593 | 396,984 | 4,310,492 |
| Property | 144,820 | 162,620 | 423,749 | (261,129) | 138,672 |
| Other | 1,673,575 | 1,767,450 | 1,011,572 | 755,878 | 962,959 |
| Charter school | - | - | - | - | - |
| Total Expenditures | 70,566,982 | 70,764,134 | 70,078,725 | 685,409 | 66,484,401 |
| Excess (Deficiency) of Revenues Over Expenditures | 2,573,048 | 2,507,154 | 4,585,537 | 2,078,383 | 5,619,640 |
| Other Financing Sources (Uses): | | | | | |
| Transfers (out) | (2,922,248) | (2,737,650) | (2,787,650) | (50,000) | (2,486,746) |
| Total Other Financing Sources (Uses) | (2,922,248) | (2,737,650) | (2,787,650) | (50,000) | (2,486,746) |
| Net Change in Fund Balance | (349,200) | (230,496) | 1,797,887 | 2,028,383 | 3,132,894 |
| Fund Balance - Beginning of the Year | 12,599,878 | 15,146,932 | 15,146,932 | - | 12,014,038 |
| Fund Balance - End of the Year | 12,250,678 | 14,916,436 | 16,944,819 | 2,028,383 | 15,146,932 |

Eagle County Schools
Schedule of the District's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

| | <u>12/31/2017</u> | <u>12/31/2016</u> | <u>12/31/2015</u> | <u>12/31/2014</u> | <u>12/31/2013</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| District's portion of the net pension liability | 1.0011926156% | 0.8577202083% | 0.8677470924% | 0.8680262317% | 0.8568952317% |
| District's proportionate share of the net pension liability | 323,750,109 | 255,376,474 | 132,715,791 | 117,646,711 | 109,296,755 |
| District's covered payroll | 46,222,796 | 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 its covered payroll | 700.41% | 663.38% | 351.00% | 323.52% | 316.40% |
| Plan fiduciary net position as a percentage of the total pension liability | 43.96% | 59.20% | 62.84% | 62.84% | 64.07% |

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within fiscal year. Information is only available beginning in fiscal year 2014.

Eagle County Schools
Schedule of District Pension Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

| | <u>6/30/2018</u> | <u>6/30/2017</u> | <u>6/30/2016</u> | <u>6/30/2015</u> | <u>6/30/2014</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually required contribution | 8,604,048 | 7,765,788 | 6,795,954 | 6,353,040 | 5,667,716 |
| Contributions in relation to the contractually required contribution | <u>(8,604,048)</u> | <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> | <u>-</u> |
| District's covered payroll | 43,850,819 | 42,201,383 | 38,325,382 | 37,639,638 | 35,481,967 |
| Contributions as a percentage of covered payroll | 19.62% | 18.40% | 17.73% | 16.88% | 15.97% |

* Information is only available beginning in fiscal year 2014.

Eagle County Schools
Schedule of Employer's Proportionate Share of the Net OPEB Liability
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

| | <u>12/31/2017</u> | <u>12/31/2016</u> |
|--|-------------------|-------------------|
| District's proportion of the net OPEB liability | 0.5693537703% | 0.4875405894% |
| District's proportionate share of the net OPEB liability | 7,399,322 | 6,321,130 |
| District's covered payroll | 46,222,796 | 38,496,189 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 16.01% | 16.42% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 17.53% | 16.72% |

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within fiscal year. Information is only available beginning in fiscal year 2017.

Eagle County Schools
Schedule of District OPEB Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

| | <u>6/30/2018</u> | <u>6/30/2017</u> |
|---|------------------|------------------|
| Contractually required contribution | 471,473 | 392,661 |
| Contributions in relation to the contractually required contribution | <u>(471,473)</u> | <u>(392,661)</u> |
| Contribution deficiency (excess) | <u>-</u> | <u>-</u> |
| District's covered payroll | 43,850,819 | 42,201,383 |
| Contributions as a percentage of covered payroll | 1.08% | 0.93% |

* Information is only available beginning in fiscal year 2017.

Eagle County Schools
Notes to Required Supplementary Information
June 30, 2018

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

A. Changes to assumptions and other inputs

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.

1. Changes since the December 31, 2016 actuarial valuation:

- The single equivalent interest rate ("SEIR") was lowered from 5.26 percent to 4.78 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date.

2. Changes since the December 31, 2015 actuarial valuation:

- The investment return assumption was lowered from 7.5 percent to 7.25 percent
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent
- The post-retirement mortality assumption for healthy lives for the School and DPS Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, or males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to 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.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The single equivalent interest rate (the "SEIR") for the SCHDTF was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the fiduciary net position (the "FNP"), and the resulting application of the municipal bond index rate
- The SEIR for the DPS Division was lowered from 7.50 percent to 7.25 percent, reflecting the change in the long-term expected rate of return.

Eagle County Schools
Notes to Required Supplementary Information
June 30, 2018
(Continued)

NOTE 1: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS *(continued)*

A. Changes to assumptions or other inputs *(continued)*

1. Changes since the December 31, 2014 actuarial valuation

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

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented.

NOTE 2: NOTES TO THE SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented.

Eagle County Schools
Notes to Required Supplementary Information
June 30, 2018
(Continued)

NOTE 3: SCHEDULE OF PROPORTIONATE SHARE OF OPEB LIABILITY AND CONTRIBUTIONS

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented.



Supplementary Information

Combining and Individual Fund Financial Statements and Schedules

Eagle County Schools
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Building Fund
For the Year Ended June 30, 2018
(With Comparative Totals For the Year Ended 2017)

| | 2018 | | | | 2017 |
|--|--------------------|-----------------|-------------------|------------------------------------|-------------------|
| | Original Budget | Final Budget | Actual Amounts | Variance Positive (Negative) | Actual Amounts |
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Investment income | 512,051 | 965,440 | 1,602,391 | 636,951 | 555,574 |
| Other | 600,000 | 600,000 | 1,123,573 | 523,573 | 32,898 |
| Total Local Sources | 1,112,051 | 1,565,440 | 2,725,964 | 1,160,524 | 588,472 |
| Federal Sources: | | | | | |
| Building America Bonds Interest Subsidy | - | - | - | - | 61,073 |
| Total Federal Sources | - | - | - | - | 61,073 |
| Total Revenues | 1,112,051 | 1,565,440 | 2,725,964 | - | 649,545 |
| Expenditures: | | | | | |
| Salary | - | 15,000 | - | 15,000 | - |
| Employee benefits | - | 5,000 | - | 5,000 | - |
| Capital outlay | 102,562,367 | 102,562,367 | 88,312,586 | 14,249,781 | 16,017,548 |
| Debt service | | | | | |
| Principal | - | - | - | - | 200,000 |
| Interest and fiscal charges | - | - | - | - | 207,538 |
| Debt issuance costs | - | - | - | - | 987,761 |
| Total Expenditures | 102,562,367 | 102,582,367 | 88,312,586 | 14,269,781 | 17,412,847 |
| Excess (Deficiency) of Revenues Over Expenditures | (101,450,316) | (101,016,927) | (85,586,622) | 14,269,781 | (16,763,302) |
| Other Financing Sources (Uses): | | | | | |
| Issuance of refunding bonds | - | - | - | - | 131,770,000 |
| Premium on refunding bonds | - | - | - | - | 22,332,115 |
| Payment to refunding bond escrow agent | - | - | - | - | (8,462,505) |
| Transfers in | - | - | - | - | 841,879 |
| Total Other Financing Sources (Uses) | - | - | - | - | 146,481,489 |
| Net Change in Fund Balance | (101,450,316) | (101,016,927) | (85,586,622) | 14,269,781 | 129,718,187 |
| Fund Balance - Beginning of the Year | 135,670,503 | 129,718,187 | 129,718,187 | - | - |
| Fund Balance - End of the Year | 34,220,187 | 28,701,260 | 44,131,565 | 14,269,781 | 129,718,187 |

Eagle County Schools
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Bond Redemption Fund
For the Year Ended June 30, 2018
(With Comparative Totals For the Year Ended 2017)

| | 2018 | | | | 2017 |
|---|--------------------|-----------------|-------------------|------------------------------------|-------------------|
| | Original Budget | Final Budget | Actual Amounts | Variance Positive (Negative) | Actual Amounts |
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Property taxes | 20,912,838 | 20,912,838 | 21,057,849 | 145,011 | 20,032,037 |
| Delinquent taxes, penalties, and interest | - | - | 21,392 | 21,392 | 25,235 |
| Total Local Sources | 20,912,838 | 20,912,838 | 21,079,241 | 166,403 | 20,057,272 |
| Total Revenues | 20,912,838 | 20,912,838 | 21,079,241 | 166,403 | 20,057,272 |
| Expenditures: | | | | | |
| Debt service | | | | | |
| Principal | 9,205,000 | 9,205,000 | 9,205,000 | - | 8,800,000 |
| Interest and fiscal charges | 11,477,963 | 11,477,963 | 11,476,328 | 1,635 | 7,273,400 |
| Total Expenditures | 20,682,963 | 20,682,963 | 20,681,328 | 1,635 | 16,073,400 |
| Net Change in Fund Balance | 229,875 | 229,875 | 397,913 | 168,038 | 3,983,872 |
| Fund Balance - Beginning of the Year | 11,562,343 | 11,562,343 | 16,186,060 | 4,623,717 | 12,202,188 |
| Fund Balance - End of the Year | 11,792,218 | 11,792,218 | 16,583,973 | 4,791,755 | 16,186,060 |

Eagle County Schools
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018

| | Special Revenue Fund | | | | |
|---------------------------------------|--|--|-------------------------------------|--------------------------------|---|
| | Nutrition Services Fund | Government Designated- Purpose Grant Fund | Capital Reserve Fund | Transportation Fund | Total Non-Major Governmental Funds |
| Assets: | | | | | |
| Cash and investments | 206,756 | - | 1,634,151 | 129,947 | 1,970,854 |
| Restricted cash and investments | - | - | 450,215 | - | 450,215 |
| Accounts receivable | 44,122 | - | - | 335 | 44,457 |
| Taxes receivable | - | - | - | 36,711 | 36,711 |
| Grants receivable | - | 1,185,298 | - | - | 1,185,298 |
| Inventories | 68,807 | - | - | 277,984 | 346,791 |
| Total Assets | 319,685 | 1,185,298 | 2,084,366 | 444,977 | 4,034,326 |
| Liabilities: | | | | | |
| Due to other funds | - | 565,014 | - | - | 565,014 |
| Accrued salaries and benefits | 41,203 | 419,003 | - | 117,813 | 578,019 |
| Unearned revenue | - | 201,281 | - | - | 201,281 |
| Total Liabilities | 41,203 | 1,185,298 | - | 117,813 | 1,344,314 |
| Deferred Inflows of Resources: | | | | | |
| Unavailable property taxes | - | - | - | 13,163 | 13,163 |
| Fund Balances: | | | | | |
| Non-spendable - inventory | 68,807 | - | - | 277,984 | 346,791 |
| Spendable: | | | | | |
| Restricted for mill levy override | - | - | 208,563 | - | 208,563 |
| Committed for capital outlay | - | - | 1,502,871 | - | 1,502,871 |
| Committed for transportation | - | - | - | 36,017 | 36,017 |
| Committed for nutrition services | 209,675 | - | - | - | 209,675 |
| Assigned for future projects | - | - | 372,932 | - | 372,932 |
| Total Fund Balances | 278,482 | - | 2,084,366 | 314,001 | 2,676,849 |

Eagle County Schools
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
June 30, 2018

| | Special Revenue Funds | | | | Total Non-Major Governmental Funds |
|--|-------------------------------|--|----------------------------|------------------------|---|
| | Nutrition Services Fund | Government Designated- Purpose Grant Fund | Capital Reserve Fund | Transportation Fund | |
| Revenues: | | | | | |
| Local sources | 662,399 | 592,607 | 95,884 | 1,734,917 | 3,085,807 |
| State sources | 34,823 | 497,274 | - | 524,605 | 1,056,702 |
| Federal sources | 1,077,245 | 2,885,846 | - | - | 3,963,091 |
| Total Revenues | 1,774,467 | 3,975,727 | 95,884 | 2,259,522 | 8,105,600 |
| Expenditures: | | | | | |
| Current | | | | | |
| Instruction | - | 2,305,871 | - | - | 2,305,871 |
| Supporting services | 2,059,627 | 1,669,856 | - | 2,995,006 | 6,724,489 |
| Capital outlay | - | - | 1,688,772 | - | 1,688,772 |
| Total Expenditures | 2,059,627 | 3,975,727 | 1,688,772 | 2,995,006 | 10,719,132 |
| Excess (Deficiency) or Revenues Over Expenditures | (285,160) | - | (1,592,888) | (735,484) | (2,613,532) |
| Other Financing Sources (Uses): | | | | | |
| Sale of capital asset | - | - | 100,000 | - | 100,000 |
| Transfers in | 94,800 | - | 1,909,300 | 783,550 | 2,787,650 |
| Total Other Financing Sources (Uses) | 94,800 | - | 2,009,300 | 783,550 | 2,887,650 |
| Net Change in Fund Balance | (190,360) | - | 416,412 | 48,066 | 274,118 |
| Fund Balance - Beginning of the Year (as restated) | 468,842 | - | 1,667,954 | 265,935 | 2,402,731 |
| Fund Balance - End of the Year | 278,482 | - | 2,084,366 | 314,001 | 2,676,849 |

Eagle County Schools
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)

Nutrition Services Fund
For the Year Ended June 30, 2018
(With Comparative Totals For the Year Ended 2017)

| | 2018 | | | | 2017 |
|--|--------------------|------------------|-------------------|------------------------------------|-------------------|
| | Original Budget | Final Budget | Actual Amounts | Variance Positive (Negative) | Actual Amounts |
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Charges for services - student lunches | 564,000 | 650,000 | 662,399 | 12,399 | 649,555 |
| Total Local Sources | 564,000 | 650,000 | 662,399 | 12,399 | 649,555 |
| State Sources: | | | | | |
| Other | 51,000 | 51,000 | 34,823 | (16,177) | 38,517 |
| Total State Sources | 51,000 | 51,000 | 34,823 | (16,177) | 38,517 |
| Federal Sources: | | | | | |
| Donated commodities | 120,000 | 120,000 | 118,510 | (1,490) | 146,340 |
| National school lunch program | 975,000 | 884,000 | 810,755 | (73,245) | 927,146 |
| School breakfast program | 130,000 | 110,000 | 99,894 | (10,106) | 129,632 |
| Summer food service program | 55,000 | 43,000 | 48,086 | 5,086 | 36,663 |
| Total Federal Sources | 1,280,000 | 1,157,000 | 1,077,245 | (79,755) | 1,239,781 |
| Total Revenues | 1,895,000 | 1,858,000 | 1,774,467 | (83,533) | 1,927,853 |
| Expenditures: | | | | | |
| Salaries | 775,700 | 828,950 | 814,137 | 14,813 | 820,741 |
| Employee benefits | 310,000 | 356,450 | 339,502 | 16,948 | 342,091 |
| Purchased services | 35,000 | 50,400 | 51,695 | (1,295) | 6,380 |
| Donated commodities | 120,000 | 120,000 | 118,510 | 1,490 | 146,340 |
| Supplies and materials | 700,000 | 718,600 | 715,708 | 2,892 | 625,519 |
| Other | 38,400 | 38,400 | 20,075 | 18,325 | 23,579 |
| Total Expenditures | 1,979,100 | 2,112,800 | 2,059,627 | 53,173 | 1,964,650 |
| Excess (Deficiency) of Revenues Over Expenditures | (84,100) | (254,800) | (285,160) | (30,360) | (36,797) |
| Other Financing Sources (Uses): | | | | | |
| Transfers in | 96,000 | 94,800 | 94,800 | - | 93,865 |
| Total Other Financing Sources (Uses) | 96,000 | 94,800 | 94,800 | - | 93,865 |
| Net Change in Fund Balance | 11,900 | (160,000) | (190,360) | (30,360) | 57,068 |
| Fund Balance - Beginning of the Year | 308,459 | 468,842 | 468,842 | - | 411,774 |
| Fund Balance - End of the Year | 320,359 | 308,842 | 278,482 | (30,360) | 468,842 |

Eagle County Schools
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)

Government Designated-Purpose Grant Fund
For the Year Ended June 30, 2018
(With Comparative Totals For the Year Ended 2017)

| | 2018 | | | | 2017 |
|---|--------------------|------------------|-------------------|------------------------------------|-------------------|
| | Original Budget | Final Budget | Actual Amounts | Variance Positive (Negative) | Actual Amounts |
| Revenues: | | | | | |
| Local sources | 2,056,500 | 2,056,500 | 592,607 | (1,463,893) | 443,250 |
| State sources | 3,109,000 | 3,109,000 | 497,274 | (2,611,726) | 271,802 |
| Federal sources | - | - | 2,885,846 | 2,885,846 | 2,774,071 |
| Total Revenues | 5,165,500 | 5,165,500 | 3,975,727 | (1,189,773) | 3,489,123 |
| Expenditures: | | | | | |
| Salaries | 2,386,000 | 2,386,000 | 2,295,051 | 90,949 | 1,996,268 |
| Employee benefits | 969,500 | 969,500 | 643,644 | 325,856 | 580,657 |
| Purchased services | 970,000 | 970,000 | 526,193 | 443,807 | 390,604 |
| Supplies and materials | 840,000 | 840,000 | 169,324 | 670,676 | 216,578 |
| Other | - | - | 227,104 | (227,104) | 139,160 |
| Indirect costs | - | - | 114,411 | (114,411) | 165,856 |
| Total Expenditures | 5,165,500 | 5,165,500 | 3,975,727 | 1,189,773 | 3,489,123 |
| Net Change in Fund Balance | - | - | - | - | - |
| Fund Balance - Beginning of the Year | - | - | - | - | - |
| Fund Balance - End of the Year | - | - | - | - | - |

Eagle County Schools
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)

Capital Reserve Fund
For the Year Ended June 30, 2018
(With Comparative Totals For the Year Ended 2017)

| | 2018 | | | 2017 | |
|--|--------------------|-----------------|-------------------|------------------------------------|-------------------|
| | Original Budget | Final Budget | Actual Amounts | Variance Positive (Negative) | Actual Amounts |
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Investment income | - | 500 | 1,905 | 1,405 | 2,498 |
| Other | 40,000 | 79,750 | 93,979 | 14,229 | 44,082 |
| Total Local Sources | 40,000 | 80,250 | 95,884 | 15,634 | 46,580 |
| Total Revenues | 40,000 | 80,250 | 95,884 | - | 46,580 |
| Expenditures: | | | | | |
| Capital outlay | 2,134,248 | 2,482,290 | 1,688,772 | 793,518 | 1,011,441 |
| Total Expenditures | 2,134,248 | 2,482,290 | 1,688,772 | 793,518 | 1,011,441 |
| Excess (Deficiency) of Revenues Over Expenditures | (2,094,248) | (2,402,040) | (1,592,888) | 793,518 | (964,861) |
| Other Financing Sources (Uses): | | | | | |
| Sale of capital asset | - | 100,000 | 100,000 | - | - |
| Transfers in | 2,094,248 | 1,909,300 | 1,909,300 | - | 1,669,740 |
| Total Other Financing Sources (Uses) | 2,094,248 | 2,009,300 | 2,009,300 | - | 827,861 |
| Net Change in Fund Balance | - | (392,740) | 416,412 | 793,518 | (137,000) |
| Fund Balance - Beginning of the Year | 1,227,547 | 1,667,954 | 1,667,954 | - | 1,804,954 |
| Fund Balance - End of the Year | 1,227,547 | 1,275,214 | 2,084,366 | 793,518 | 1,667,954 |

Eagle County Schools
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Transportation Fund
For the Year Ended June 30, 2018
(With Comparative Totals For the Year Ended 2017)

| | 2018 | | | 2017 | |
|--|--------------------|-----------------|-------------------|------------------------------------|-------------------|
| | Original Budget | Final Budget | Actual Amounts | Variance Positive (Negative) | Actual Amounts |
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Property taxes | 1,000,000 | 1,000,000 | 995,687 | (4,313) | 1,006,825 |
| Specific ownership taxes | 50,000 | 50,000 | 53,313 | 3,313 | 50,358 |
| Delinquent taxes, penalties, and interest | - | - | 935 | 935 | 1,608 |
| Charges for services | 642,500 | 831,500 | 684,982 | (146,518) | 731,398 |
| Total Local Sources | 1,692,500 | 1,881,500 | 1,734,917 | (146,583) | 1,790,189 |
| State Sources: | | | | | |
| Transportation funding | 441,000 | 521,960 | 524,605 | 2,645 | 436,461 |
| Total State Sources | 441,000 | 521,960 | 524,605 | 2,645 | 436,461 |
| Total Revenues | 2,133,500 | 2,403,460 | 2,259,522 | (146,583) | 2,226,650 |
| Expenditures: | | | | | |
| Operations and maintenance | 50,400 | 39,800 | 33,965 | 5,835 | 35,554 |
| Transportation | 2,712,530 | 2,971,510 | 2,891,703 | 79,807 | 2,876,057 |
| Training services | 103,570 | 86,830 | 69,338 | 17,492 | 91,493 |
| Total Expenditures | 2,866,500 | 3,098,140 | 2,995,006 | 103,134 | 3,003,104 |
| Excess (Deficiency) of Revenues Over Expenditures | (733,000) | (694,680) | (735,484) | (43,449) | (776,454) |
| Other Financing Sources (Uses): | | | | | |
| Transfers in | 732,000 | 733,550 | 783,550 | 50,000 | 723,141 |
| Total Other Financing Sources (Uses) | 732,000 | 733,550 | 783,550 | 50,000 | 723,141 |
| Net Change in Fund Balance | (1,000) | 38,870 | 48,066 | 6,551 | (53,313) |
| Fund Balance - Beginning of the Year (as restated) | 43,237 | 5,334 | 265,935 | 260,601 | 58,647 |
| Fund Balance - End of the Year | 42,237 | 44,204 | 314,001 | 267,152 | 5,334 |

Eagle County Schools
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)

District Housing Fund
For the Year Ended June 30, 2018
(With Comparative Totals For the Year Ended 2017)

| | 2018 | | | | 2017 |
|--------------------------------------|--------------------|-----------------|-------------------|------------------------------------|-------------------|
| | Original Budget | Final Budget | Actual Amounts | Variance Positive (Negative) | Actual Amounts |
| Revenues: | | | | | |
| Charges for services | 133,000 | 133,000 | 116,375 | (16,625) | 127,184 |
| Total Revenues | 133,000 | 133,000 | 116,375 | (16,625) | 127,184 |
| Expenditures: | | | | | |
| Salaries | 22,500 | 22,500 | 19,775 | 2,725 | 24,087 |
| Employee benefits | 8,000 | 8,000 | 7,597 | 403 | 8,481 |
| Purchased services | 61,000 | 61,000 | 86,812 | (25,812) | 49,188 |
| Operating supplies | 30,000 | 30,000 | 14,004 | 15,996 | 30,128 |
| Property | 20,000 | 20,000 | - | 20,000 | - |
| Depreciation | 13,500 | 13,500 | 13,648 | (148) | 13,648 |
| Total Expenditures | 155,000 | 155,000 | 141,836 | 13,164 | 125,532 |
| Net Change in Fund Balance | (22,000) | (22,000) | (25,461) | (3,461) | 1,652 |
| Fund Balance - Beginning of the Year | 832,216 | 832,216 | 854,368 | 22,152 | 852,716 |
| Fund Balance - End of the Year | 810,216 | 810,216 | 828,907 | 18,691 | 854,368 |

Eagle County Schools
Statement of Changes in Assets and Liabilities - Agency Fund
Student Activities
For the Year Ended June 30, 2018

| | Balances 6/30/17 | Additions | Deductions | Balances 6/30/18 |
|--------------------------|-----------------------------|------------------|-------------------|-----------------------------|
| Assets | | | | |
| Cash and investments | 1,290,897 | 892,614 | (815,609) | 1,367,902 |
| Accounts receivable | 356 | - | (356) | - |
| Total Assets | 1,291,253 | 892,614 | (815,965) | 1,367,902 |
| Liabilities | | | | |
| Due to student groups | 1,291,253 | 892,614 | (815,965) | 1,367,902 |
| Total Liabilities | 1,291,253 | 892,614 | (815,965) | 1,367,902 |

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 wellbeing have changed over time.....G1 – G10

Revenue Capacity

The schedules contain information to help the reader assess the District's most significant local and state revenue sources.....G11 – G16

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.....G17 – G21

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.....G22 – G23

Operating Information

The schedules contain information to help the reader understand the staffing of the District, student population it serves, and capital asset data.....G24 – G28

**Eagle County Schools
Net Position by Component
Last Ten Fiscal Years**

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental activities | | | | | |
| Net Investment in Capital Assets | 31,051,569 | 21,142,826 | 15,745,542 | 9,797,454 | 7,734,444 |
| Restricted | 11,680,649 | 13,211,059 | 14,456,158 | 14,558,291 | 14,285,280 |
| Unrestricted | 5,558,406 | 10,972,742 | 8,758,457 | 10,531,879 | 12,025,450 |
| Total governmental activities net position | 48,290,624 | 45,326,627 | 38,960,157 | 34,887,624 | 34,045,174 |
| Business-type activities | | | | | |
| Net Investment in Capital Assets | 809,505 | 797,478 | 737,996 | 746,240 | 814,385 |
| Restricted | - | - | - | - | - |
| Unrestricted | 213,221 | 186,355 | 222,520 | 332,518 | 569,367 |
| Total business-type activities net position | 1,022,726 | 983,833 | 960,516 | 1,078,758 | 1,383,752 |
| Primary government | | | | | |
| Net Investment in Capital Assets | 31,861,074 | 21,940,304 | 16,483,538 | 10,543,694 | 8,548,829 |
| Restricted | 11,680,649 | 13,211,059 | 14,456,158 | 14,558,291 | 14,285,280 |
| Unrestricted | 5,771,627 | 11,159,097 | 8,980,977 | 10,864,397 | 12,594,817 |
| Total primary government net position | 49,313,350 | 46,310,460 | 39,920,673 | 35,966,382 | 35,428,926 |

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.

The district adopted GASB No. 75 in fiscal year 2018, which required the recognition of net OPEB liability and certain deferred inflows of resources and outflows of resources as of July 1, 2017.

TABLE 1

| 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------------|---------------------|---------------------|----------------------|----------------------|
| 7,874,116 | 10,026,377 | 12,272,934 | 12,088,294 | 16,652,565 |
| 14,083,361 | 15,525,828 | 16,058,646 | 19,629,943 | 65,030,999 |
| 11,840,786 | (100,488,719) | (107,149,147) | (142,914,614) | (253,902,013) |
| <u>33,798,263</u> | <u>(74,936,514)</u> | <u>(78,817,567)</u> | <u>(111,196,377)</u> | <u>(172,218,449)</u> |
| 492,230 | 98,584 | 84,936 | 71,288 | 57,640 |
| - | - | - | - | - |
| 548,059 | 757,762 | 767,780 | 783,080 | 771,266 |
| <u>1,040,289</u> | <u>856,346</u> | <u>852,716</u> | <u>854,368</u> | <u>828,906</u> |
| 8,366,346 | 10,124,961 | 12,357,870 | (115,371,145) | 16,710,205 |
| 14,083,361 | 15,525,828 | 16,058,646 | 19,629,943 | 65,030,999 |
| 12,388,845 | (99,730,957) | (106,381,367) | (14,600,807) | (253,130,747) |
| <u>34,838,552</u> | <u>(74,080,168)</u> | <u>(77,964,851)</u> | <u>(110,342,009)</u> | <u>(171,389,543)</u> |

Eagle County Schools
Changes in Net Position
Last Ten Fiscal Years

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|--------------|--------------|--------------|--------------|--------------|
| Expenses | | | | | |
| Governmental activities: | | | | | |
| Current: | | | | | |
| Instruction | 38,245,670 | 42,826,781 | 42,246,912 | 41,816,115 | 41,032,263 |
| Supporting services | 24,101,064 | 30,830,181 | 32,347,124 | 30,191,463 | 26,224,131 |
| Interest on long term debt | 7,217,294 | 7,434,997 | 7,897,727 | 7,738,412 | 7,293,570 |
| Total governmental activities | 69,564,028 | 81,091,959 | 82,491,763 | 79,745,990 | 74,549,964 |
| Business-type activities | | | | | |
| Food service | 1,602,255 | 1,744,765 | 1,747,459 | 1,632,902 | 1,636,314 |
| Employee housing | 126,281 | 133,348 | 102,054 | 106,371 | 131,311 |
| Total business-type activities | 1,728,536 | 1,878,113 | 1,849,513 | 1,739,273 | 1,767,625 |
| Total primary government expenses | 71,292,564 | 82,970,072 | 84,341,276 | 81,485,263 | 76,317,589 |
| Program revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for service | 1,032,204 | 1,242,220 | 1,391,453 | 1,530,516 | 1,921,745 |
| Operating grants and contributions | 5,197,724 | 6,552,789 | 6,558,755 | 5,971,961 | 5,696,852 |
| Capital grants and contributions | - | - | - | - | - |
| Total governmental activities program revenues | 6,229,928 | 7,795,009 | 7,950,208 | 7,502,477 | 7,618,597 |
| Business-type activities: | | | | | |
| Charges for service | | | | | |
| Food service | 839,829 | 732,889 | 677,260 | 725,109 | 835,578 |
| District housing | 138,159 | 145,787 | 155,611 | 155,962 | 139,482 |
| Operating grants and contributions | 735,171 | 906,166 | 953,325 | 976,444 | 1,047,599 |
| Capital grants and contributions | 500,000 | - | - | - | - |
| Total business-type activities program revenues | 2,213,159 | 1,784,842 | 1,786,196 | 1,857,515 | 2,022,659 |
| Total primary government program revenues | 8,443,087 | 9,579,851 | 9,736,404 | 9,359,992 | 9,641,256 |
| Net (Expense) / Revenue | | | | | |
| Governmental activities | (60,324,774) | (63,334,100) | (73,296,950) | (72,243,513) | (66,931,367) |
| Business-type activities | 22,126 | 484,623 | (93,271) | 118,242 | 254,994 |
| Total primary government net expense | (60,302,648) | (62,849,477) | (73,390,221) | (72,125,271) | (66,676,373) |

*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.

The district adopted GASB No. 75 in fiscal year 2018, which required the recognition of net OPEB liability and certain deferred inflows of resources and outflows of resources as of July 1, 2017.

TABLE 2

| 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------|---------------------|---------------------|----------------------|----------------------|
| 43,222,676 | 46,693,195 | 51,406,006 | 80,062,487 | 86,150,254 |
| 27,923,881 | 35,801,713 | 35,404,876 | 48,123,875 | 65,663,370 |
| 6,099,948 | 5,777,879 | 5,271,362 | 7,658,076 | 10,378,267 |
| <u>78,932,671</u> | <u>88,272,787</u> | <u>92,082,244</u> | <u>135,844,438</u> | <u>162,191,891</u> |
| 1,686,166 | - | - | - | - |
| 116,806 | 149,839 | 129,249 | 125,532 | 141,836 |
| 116,806 | 149,839 | 129,249 | 125,532 | 141,836 |
| <u>79,049,477</u> | <u>88,422,626</u> | <u>92,211,493</u> | <u>135,969,970</u> | <u>162,333,727</u> |
| 2,247,002 | 3,305,847 | 3,537,130 | 3,840,408 | 4,098,271 |
| 6,906,428 | 8,543,336 | 8,580,035 | 7,945,747 | 8,345,799 |
| 121,681 | 125,425 | 122,277 | 61,073 | - |
| <u>9,275,111</u> | <u>10,152,627</u> | <u>12,239,442</u> | <u>11,847,228</u> | <u>12,444,070</u> |
| 684,851 | - | - | - | - |
| 139,660 | 135,233 | 125,619 | 127,184 | 116,375 |
| 1,149,166 | - | - | - | - |
| - | - | - | - | - |
| <u>1,973,677</u> | <u>135,233</u> | <u>125,619</u> | <u>127,184</u> | <u>116,375</u> |
| <u>11,248,788</u> | <u>10,287,860</u> | <u>12,365,061</u> | <u>11,974,412</u> | <u>12,560,445</u> |
| (66,971,394) | (76,298,179) | (79,842,802) | (123,997,210) | (149,747,821) |
| 170,705 | (14,606) | (3,630) | 1,652 | (25,461) |
| <u>(66,800,689)</u> | <u>(76,312,785)</u> | <u>(79,846,432)</u> | <u>(123,995,558)</u> | <u>(149,773,282)</u> |

Eagle County Schools
Changes in Net Position - Continued
Last Ten Fiscal Years

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|------------|-------------|-------------|-------------|------------|
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| Taxes | | | | | |
| Local property taxes | 55,843,506 | 62,493,060 | 62,448,639 | 54,203,228 | 53,498,964 |
| Specific ownership taxes | 2,679,333 | 2,310,004 | 2,098,497 | 2,065,651 | 2,204,151 |
| State equalization | 4,385,923 | 3,662,810 | 355,434 | 9,704,283 | 10,273,931 |
| Grants not restricted to specific programs | 217,871 | - | 1,674,514 | 300,292 | 125,491 |
| Investment income | 1,968,306 | 553,378 | 373,872 | 28,650 | 37,537 |
| Gain (loss on asset disposition) | - | - | - | - | - |
| Other | (4,214) | 1,368,079 | 1,264,129 | 1,076,228 | 1,097,715 |
| Transfers | (67,038) | (54,379) | (40,000) | - | (50,000) |
| Total governmental activities | 65,023,687 | 70,332,952 | 68,175,085 | 67,378,332 | 67,187,789 |
| Business-type activities: | | | | | |
| Other | - | - | - | - | - |
| Transfers | 67,038 | 54,379 | 40,000 | - | 50,000 |
| Total business-type activities | 67,038 | 54,379 | 40,000 | - | 50,000 |
| Total primary government | 65,090,725 | 70,387,331 | 68,215,085 | 67,378,332 | 67,237,789 |
| Change in Net Position | | | | | |
| Governmental activities | 1,689,587 | (2,963,998) | (6,366,470) | (4,865,181) | 256,422 |
| Business-type activities | 551,661 | (38,892) | (23,317) | 118,242 | 304,994 |
| Total primary government | 2,241,248 | (3,002,890) | (6,389,787) | (4,746,939) | 561,416 |

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.

The district adopted GASB No. 75 in fiscal year 2018, which required the recognition of net OPEB liability and certain deferred inflows of resources and outflows of resources as of July 1, 2017.

TABLE 2

| 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------------|--------------------|--------------------|---------------------|---------------------|
| 50,150,229 | 51,257,231 | 55,590,666 | 68,961,670 | 68,777,621 |
| 2,386,297 | 2,761,851 | 2,736,271 | 3,136,892 | 3,761,219 |
| 13,311,387 | 17,470,913 | 15,850,394 | 17,268,541 | 17,137,183 |
| - | 479,744 | 504,550 | 536,267 | 540,206 |
| 21,489 | 20,148 | 52,248 | 711,467 | 1,927,169 |
| - | - | - | - | 100,000 |
| 1,340,913 | 1,342,711 | 1,227,620 | 1,003,563 | 2,309,048 |
| - | 170,000 | - | - | - |
| 67,210,315 | 73,502,598 | 75,961,749 | 91,618,400 | 94,552,446 |
| - | 663 | - | - | - |
| - | (170,000) | - | - | - |
| - | (169,337) | - | - | - |
| 67,210,315 | 73,333,261 | 75,961,749 | 91,618,400 | 94,552,446 |
| (613,228) | (2,795,581) | (3,881,053) | (32,378,810) | (55,195,375) |
| 22,854 | (183,943) | (3,630) | 1,652 | (25,461) |
| (590,374) | (2,979,524) | (3,884,683) | (32,377,158) | (55,220,836) |

Eagle County Schools
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund | | | | | |
| Reserved | 1,508,000 | 1,870,000 | - | - | - |
| Unreserved | 12,040,672 | 10,996,103 | - | - | - |
| Restricted | - | - | 1,667,000 | 2,001,848 | 1,775,000 |
| Assigned | - | - | - | - | - |
| Unrestricted, Unassigned | - | - | 9,529,733 | 8,510,074 | 8,936,902 |
| Total General Fund | 13,548,672 | 12,866,103 | 11,196,733 | 10,511,922 | 10,711,902 |
| All Other Governmental Funds | | | | | |
| Reserved | 32,983,779 | - | - | - | - |
| Nonspendable Inventories | - | - | - | - | - |
| Unreserved, reported in: | | | | | |
| Special revenue funds | - | - | - | - | - |
| Debt service fund | - | 10,777,163 | - | - | - |
| Capital projects funds | 305,766 | 10,250,949 | - | - | - |
| Restricted For: | | | | | |
| Debt Service | - | - | 11,323,445 | 12,733,092 | 12,633,775 |
| Mill Levy Override | - | - | - | - | - |
| Capital Projects | - | - | 12,056,033 | 3,002,273 | 2,334,556 |
| Multi-Year Contracts | - | - | - | - | - |
| Emergencies | - | - | - | - | - |
| Committed To: | | | | | |
| Capital Outlay | - | - | 150,573 | 121,908 | 1,082,731 |
| Transportation | - | - | 64,538 | 17,184 | 17,163 |
| Nutrition Services | - | - | - | - | - |
| Assigned To: | | | | | |
| Future Projects | - | - | - | - | - |
| Unrestricted, Unassigned | - | - | (446,926) | (55,287) | (299,579) |
| Total all other governmental funds | 33,289,545 | 21,028,112 | 23,147,663 | 15,819,170 | 15,768,646 |

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, 2018, the General Fund reflects an ending fund balance of \$16,944,818, an increase of \$1,797,886 from the prior year. The increase is the result of planned mill levy carryover of \$1,572,198.

TABLE 3

| 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------|-------------|-------------|-------------|-------------|
| - | - | - | - | - |
| - | - | - | - | - |
| 2,458,250 | 3,173,802 | 3,243,628 | 4,251,142 | 4,106,898 |
| - | - | - | - | 852,382 |
| 8,630,252 | 8,789,128 | 8,770,410 | 10,895,793 | 11,985,539 |
| 11,088,502 | 11,962,930 | 12,014,038 | 15,146,935 | 16,944,819 |
| - | - | - | - | - |
| - | 47,288 | 65,421 | 84,545 | 346,791 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 11,948,469 | 12,654,217 | 13,041,918 | 16,186,060 | 16,583,973 |
| - | - | - | - | 208,563 |
| 667,495 | 444,176 | 445,813 | 130,166,498 | 44,131,565 |
| - | - | 1,183,628 | - | - |
| - | - | - | - | - |
| 1,979,974 | 615,766 | 519,411 | 1,219,643 | 1,502,872 |
| 43,150 | 56,298 | 58,647 | 5,334 | 36,017 |
| 247,503 | 249,870 | 346,353 | 384,297 | 209,675 |
| - | - | - | - | 372,932 |
| (172,081) | (66,483) | - | - | - |
| 14,714,510 | 14,001,132 | 15,661,191 | 148,046,377 | 63,392,388 |

Eagle County Schools
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|--------------|--------------|--------------|-------------|---------------|
| REVENUES | | | | | |
| Federal Sources | 5,928,228 | 4,250,314 | 5,567,694 | 2,986,046 | 1,891,057 |
| State Sources | 3,459,496 | 5,785,951 | 2,354,302 | 10,495,253 | 11,080,005 |
| Local Sources | 60,953,138 | 68,468,900 | 67,950,937 | 62,447,059 | 61,732,151 |
| Total revenues | 70,340,862 | 78,505,165 | 75,872,933 | 75,928,358 | 74,703,213 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction | 32,325,020 | 37,515,839 | 35,464,796 | 35,891,461 | 34,937,057 |
| Supporting Services | 23,132,882 | 25,079,284 | 27,606,284 | 26,185,023 | 23,393,321 |
| Capital outlay | 67,181,371 | 16,037,277 | 7,733,457 | 7,213,170 | 647,920 |
| Debt Service: | | | | | |
| Principal | 6,150,000 | 2,100,000 | 6,875,000 | 7,275,000 | 7,605,000 |
| Interest and Fiscal Charges | 8,684,935 | 7,927,073 | 8,351,065 | 8,212,609 | 7,920,459 |
| Debt Issuance Costs | - | 120,057 | 251,792 | - | 873,588 |
| Total expenditures | 137,474,208 | 88,779,530 | 86,282,394 | 84,777,263 | 75,377,345 |
| EXCESS (DEFICIENCY) OF | | | | | |
| REVENUES OVER EXPENDITURES | (67,133,346) | (10,274,365) | (10,409,461) | (8,848,905) | (674,132) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Debt Issued | - | 13,800,000 | 11,520,000 | - | 102,245,000 |
| Debt Premium | - | 1,064,828 | 215,243 | - | 18,477,919 |
| Payment to Escrow Agent | - | (19,494,923) | - | - | (119,849,331) |
| Sale of Capital Assets | 19,953 | - | - | - | - |
| Transfers in | - | 1,503,258 | 941,433 | 534,352 | 1,238,183 |
| Transfers out | - | (1,503,258) | (981,433) | (534,352) | (1,288,183) |
| Total other financing sources (uses) | 19,953 | (4,630,095) | 11,695,243 | - | 823,588 |
| NET CHANGE IN FUND BALANCES | (67,113,393) | (14,904,460) | 1,285,782 | (8,848,905) | 149,456 |
| Debt service as a percentage of noncapital expenditures | 21.1% | 13.9% | 19.7% | 20.0% | 21.9% |

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

| 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------|-------------|-------------|-------------|--------------|
| 4,676,488 | 4,905,939 | 4,866,203 | 4,611,192 | 4,503,297 |
| 15,663,754 | 20,724,080 | 19,264,692 | 20,757,187 | 20,927,284 |
| 58,839,632 | 59,710,466 | 63,864,133 | 78,490,853 | 81,144,486 |
| 79,179,874 | 85,340,485 | 87,995,028 | 103,859,232 | 106,575,067 |
| | | | | |
| 36,969,071 | 39,243,507 | 41,077,017 | 45,751,132 | 43,254,796 |
| 26,149,057 | 29,846,730 | 30,065,020 | 32,548,311 | 35,854,289 |
| 1,287,594 | 2,526,607 | 545,518 | 17,028,989 | 90,001,358 |
| | | | | |
| 8,665,000 | 8,605,000 | 9,610,000 | 9,000,000 | 9,205,000 |
| 6,886,340 | 6,569,885 | 6,169,934 | 7,480,938 | 11,476,328 |
| - | - | - | 987,761 | - |
| 79,957,062 | 86,791,729 | 87,467,489 | 112,797,131 | 189,791,771 |
| | | | | |
| (777,188) | (1,451,244) | 527,539 | (8,937,899) | (83,216,704) |
| | | | | |
| - | - | - | 131,770,000 | - |
| - | - | - | 22,332,115 | - |
| - | - | - | (8,462,505) | - |
| - | 255,000 | - | - | 100,000 |
| 2,320,247 | 3,877,294 | 2,566,583 | 2,486,746 | 2,787,650 |
| (2,320,247) | (2,520,000) | (2,566,583) | (2,486,746) | (2,787,650) |
| - | 1,612,294 | - | 145,639,610 | 100,000 |
| | | | | |
| (777,188) | 161,050 | 527,539 | 136,701,711 | (83,116,704) |
| | | | | |
| 19.8% | 18.0% | 18.0% | 17.0% | 20.72% |

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 |
| 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 |
| 2018 | 3,141,460,270 | 33,215,649,100 | 91,780,670 | 316,484,280 | 265,902,800 | 1,110,810,450 |

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 |
|-------|-------------|------------|
| 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% |
| 2018 | 7.20% | 29.00% |

TABLE 5

| Total Value | | Ratio of Total Assessed Value to Total Estimated Actual Value |
|-------------------|--------------------|---|
| Assessed Value | Estimated Value | |
| 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% |
| 3,499,143,740 | 34,642,943,830 | 10.10% |

Eagle County Schools
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|--------|--------|--------|--------|---------|
| Eagle County School District | | | | | |
| General operations | 14.855 | 14.359 | 14.382 | 15.085 | 15.087 |
| General obligation debt service | 5.218 | 4.736 | 4.785 | 6.120 | 5.878 |
| Transportation | 0.341 | 0.306 | 0.307 | 0.396 | 0.397 |
| Total direct property tax rate | 20.414 | 19.401 | 19.474 | 21.601 | 21.362 |
| 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 |
| 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 | 0.199 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total County-wide levies | 12.695 | 12.496 | 12.496 | 12.496 | 12.496 |
| Municipalities | | | | | |
| Avon | 11.392 | 11.208 | 11.220 | 11.220 | 11.983 |
| Basalt | 5.181 | 3.873 | 4.066 | 4.066 | 6.386 |
| Eagle | 3.997 | 3.547 | 3.659 | 3.659 | 4.064 |
| Gypsum | 5.094 | 5.094 | 5.094 | 5.094 | 5.094 |
| Minturn | 17.934 | 17.934 | 17.934 | 17.934 | 17.934 |
| Redcliff | 37.820 | 33.878 | 33.878 | 33.878 | 33.878 |
| Vail | 4.979 | 4.690 | 4.726 | 4.726 | 4.765 |
| Fire Protection, Ambulance and Hospital | | | | | |
| Districts | | | | | |
| Several, range from high of | 10.000 | 10.000 | 10.000 | 10.000 | 10.000 |
| to low of | 2.055 | 1.780 | 1.768 | 1.768 | 2.023 |
| Water, Sanitation, Library, Metro and Cemetery Districts | | | | | |
| Several, range from high of | 99.000 | 67.000 | 62.000 | 62.000 | 100.000 |
| 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

| 2014 | 2015 | 2016 | 2017 | 2018 |
|---------|---------|--------|--------|--------|
| 15.030 | 15.180 | 14.662 | 17.541 | 17.264 |
| 5.382 | 5.961 | 5.303 | 7.303 | 7.303 |
| 0.414 | 0.376 | 0.366 | 0.365 | 0.345 |
| 20.826 | 21.517 | 20.331 | 25.209 | 24.912 |
| 4.924 | 4.924 | 5.285 | 5.285 | 5.285 |
| 2.014 | 2.014 | 1.653 | 1.653 | 1.653 |
| 0.006 | 0.061 | 0.061 | 0.061 | 0.061 |
| 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 | 0.254 |
| 12.496 | 12.496 | 12.496 | 12.496 | 12.750 |
| 12.258 | 12.207 | 11.765 | 8.956 | 8.956 |
| 7.560 | 9.881 | 9.158 | 11.591 | 11.588 |
| 4.475 | 4.499 | 3.661 | 3.853 | 2.286 |
| 5.094 | 5.094 | 5.094 | 5.094 | 5.094 |
| 17.934 | 17.934 | 17.934 | 17.934 | 17.934 |
| 33.878 | 33.878 | 31.409 | 32.798 | 33.878 |
| 4.706 | 4.735 | 4.727 | 4.705 | 4.694 |
| 10.000 | 10.000 | 10.000 | 10.504 | 10.500 |
| 2.006 | 2.019 | 2.008 | 2.755 | 2.753 |
| 115.000 | 112.000 | 98.500 | 98.500 | 98.000 |
| 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |

**Eagle County Schools
Principal Property Tax Payers
6/30/2018 and 9 Years Ago**

TABLE 7

| Taxpayer | 2018 | | | 2008 | | |
|---------------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | % of Total County Taxable Assessed Valuation | Taxable Assessed Value | Rank | % of Total County Taxable Assessed Valuation |
| Vail Corp | 73,032,140 | 1 | 2.09% | 65,051,980 | 1 | 1.93% |
| DiamondRock Vail Owner LLC | 43,669,880 | 2 | 1.25% | 21,727,000 | 3 | 0.64% |
| Ashford BC LP | 42,235,610 | 3 | 1.21% | - | - | 0.00% |
| Union Pacific Corp | 31,356,000 | 4 | 0.90% | - | - | 0.00% |
| Vail Associates, Inc | 29,790,100 | 5 | 0.85% | 22,610,610 | 2 | 0.67% |
| Vail Hotels Partners LLC | 26,087,660 | 6 | 7.50% | - | - | 0.00% |
| EX Vail LLC | 21,043,780 | 7 | 0.38% | - | - | 0.00% |
| Holy Cross Electric | 19,341,500 | 8 | 0.55% | 12,913,800 | 8 | 0.38% |
| Public Services CO of CO | 19,190,300 | 9 | 0.55% | - | - | 0.00% |
| Ferruccio Vail Ventures LLC | 17,399,110 | 10 | 0.50% | - | - | 0.00% |
| Vail Plaza Development | - | - | 0.00% | 19,294,400 | 4 | 0.57% |
| Arrabell at Vail Square | - | - | 0.00% | 17,296,640 | 5 | 0.51% |
| WTCC Beaver Creek Investors LLC | - | - | 0.00% | 15,839,110 | 6 | 0.47% |
| L-O Vail Holding Inc | - | - | 0.00% | 13,672,010 | 7 | 0.40% |
| Sonnenalp Properties, Inc | - | - | 0.00% | 12,573,340 | 9 | 0.37% |
| Bachelor Gulch Operating | - | - | 0.00% | 11,624,010 | 10 | 0.36% |
| Total Assessed Valuation | 323,146,080 | | 15.78% | 212,602,900 | | 6.30% |

Source: Eagle County Assessor's Office

Eagle County Schools
Property Tax Levies And Collections
Last Ten Fiscal Years

TABLE 8

| 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 |
| 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% |
| 2018 | 71,940,703 | 71,717,669 | 99.7% | | | 0.0% |

Source: Eagle County Schools Finance Department

**Eagle County Schools
Legal Debt Margin Information
Last Ten Fiscal Years**

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------------|---------------|---------------|---------------|---------------|
| Assessed valuation | 2,933,681,930 | 3,268,342,952 | 3,261,264,657 | 2,525,433,131 | 2,519,484,390 |
| Debt limit (20% of assessed valuation) | 586,736,386 | 653,668,590 | 652,252,931 | 505,086,626 | 503,896,878 |
| Debt applicable to limit: | | | | | |
| General obligation bonds | 176,490,000 | 169,300,000 | 162,425,000 | 155,250,000 | 146,475,000 |
| Less: Amount set aside for repayment of general obligation debt | (10,172,649) | (10,777,163) | (11,323,445) | (11,896,492) | (11,796,093) |
| Total net debt applicable to limit | 166,317,351 | 158,522,837 | 151,101,555 | 143,353,508 | 134,678,907 |
| Legal debt margin | 420,419,035 | 495,145,753 | 501,151,376 | 361,733,118 | 369,217,971 |
| Total net debt applicable to the limit as a percentage of debt limit | 5.67% | 4.85% | 4.63% | 5.68% | 5.35% |

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

| 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------|---------------|---------------|---------------|---------------|
| 2,498,757,550 | 2,400,080,750 | 2,734,683,670 | 2,739,828,540 | 2,900,739,730 |
| 499,751,510 | 480,016,150 | 546,936,734 | 547,965,708 | 580,147,946 |
| 138,995,000 | 131,590,000 | 123,255,000 | 246,225,000 | 237,020,000 |
| (11,110,990) | (11,816,380) | (12,202,188) | (16,186,060) | |
| 127,884,010 | 128,633,620 | 111,052,812 | 230,038,940 | 237,020,000 |
| 371,867,500 | 351,382,530 | 435,883,922 | 317,926,768 | 343,127,946 |
| 5.12% | 5.36% | 4.06% | 8.40% | 8.17% |

Eagle County Schools
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

TABLE 10

| Fiscal Year | General Obligation Bonds | Certificates of Participation | Total Primary Government | Percentage of Personal Income | Debt Per Capita |
|--------------------|---------------------------------|--------------------------------------|---------------------------------|--------------------------------------|------------------------|
| 2009 | 176,490,000 | - | 176,490,000 | 0.043% | 3,555 |
| 2010 | 169,300,000 | - | 169,300,000 | 0.046% | 3,727 |
| 2011 | 162,425,000 | 11,728,300 | 174,153,300 | 0.044% | 3,633 |
| 2012 | 155,250,000 | 11,621,657 | 166,871,657 | 0.045% | 3,389 |
| 2013 | 146,475,000 | 11,439,414 | 157,914,414 | 0.048% | 3,013 |
| 2014 | 138,995,000 | 10,247,471 | 149,242,471 | 0.052% | 2,867 |
| 2015 | 148,847,531 | 9,040,528 | 157,888,059 | 0.050% | 2,610 |
| 2016 | 138,727,559 | 7,758,585 | 146,486,144 | 0.053% | 2,395 |
| 2017 | 281,775,470 | - | 281,775,470 | 0.028% | 2,395 |
| 2018 | 269,781,446 | - | 269,781,446 | 0.030% | 2,395 |

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.

Eagle County Schools
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

TABLE 11

| Fiscal Year | General Obligation Bonds | Percentage of Actual Taxable Value of Property | Net Bonded Debt per Median Household Income | Percentage of Median Household Income |
|------------------------|---|---|--|--|
| 2009 | 166,317,351 | 4.51% | 3,501 | 7.37% |
| 2010 | 158,522,837 | 4.31% | 3,194 | 6.43% |
| 2011 | 151,101,555 | 5.38% | 3,326 | 7.32% |
| 2012 | 143,353,508 | 5.14% | 3,206 | 7.17% |
| 2013 | 134,678,907 | 5.10% | 2,940 | 6.42% |
| 2014 | 127,884,010 | 4.86% | 2,630 | 5.41% |
| 2015 | 128,633,620 | 4.59% | 2,653 | 5.47% |
| 2016 | 111,052,812 | 3.40% | 2,203 | 4.37% |
| 2017 | 230,038,940 | 7.00% | 3,971 | 6.86% |
| 2018 | 237,020,000 | 6.77% | 2,941 | 3.65% |

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, 2018

TABLE 12

| 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 | 12,565,000 | 100.00% | 12,565,000 |
| Bachelor Gulch Metro District | 9,640,000 | 100.00% | 9,640,000 |
| Basalt & Rural Fire District | 4,685,250 | 59.00% | 2,764,298 |
| Basalt Regional Library District | 6,990,000 | 50.60% | 3,536,940 |
| Basalt Sanitation District | 1,050,000 | 49.22% | 531,300 |
| Beaver Creek Metro District | 5,250,000 | 100.00% | 5,250,000 |
| Berry Creek Metro District | 3,000,000 | 100.00% | 3,000,000 |
| Buckhorn Valley Metro District #2 | 9,298,000 | 100.00% | 9,298,000 |
| Cascade Village Metro District | 1,675,000 | 100.00% | 1,675,000 |
| Chatfield Corners Metro District | 2,545,000 | 100.00% | 2,545,000 |
| Confluence Metro District | 21,875,000 | 100.00% | 21,875,000 |
| Cordillera Metro District | 6,720,000 | 100.00% | 6,720,000 |
| Cordillera Mountain Metro District | 4,070,000 | 100.00% | 4,070,000 |
| Cotton Ranch Metro District | 5,130,000 | 100.00% | 5,130,000 |
| Crown Mountain Park & Rec District | 1,995,000 | 58.95% | 1,189,788 |
| Eagle Ranch Metro District | 13,515,000 | 100.00% | 13,515,000 |
| Eagle River Fire Protection District | 23,270,000 | 100.00% | 23,270,000 |
| Eagle River Water & San Dist- Water Sub Dist- Vail | 7,930,000 | 100.00% | 22,500,000 |
| Eagle River Water & Sanitation Dist (Wastewater) | 22,500,000 | 100.00% | 7,930,000 |
| Eagle Vail Metro District | 8,890,000 | 100.00% | 8,890,000 |
| Red Sky Ranch Metro District | 7,140,000 | 100.00% | 7,140,000 |
| Ruedi Shores Metro District | 1,503,000 | 100.00% | 1,503,000 |
| School District JT-1 (West Grand) | 5,480,000 | 0.50% | 161,660 |
| School District RE-1 (Roaring Fork) | 184,789,984 | 20.45% | 38,953,729 |
| Solaris Metro District No. 1 | 33,330,000 | 100.00% | 33,330,000 |
| The Village | 6,453,267 | 100.00% | 6,453,267 |
| Town of Basalt | 4,033,000 | 70.58% | 2,931,667 |
| Town of Red Cliff | 41,863 | 100.00% | 41,863 |
| Two Rivers Metro District | 130,802 | 100.00% | 130,802 |
| Vail Square Metro District No. 1 | 13,520,000 | 100.00% | 13,520,000 |
| Valagua Metro District | 21,000,000 | 100.00% | 21,000,000 |
| Subtotal, Total Overlapping Debt | 453,215,166 | | 294,261,314 |
| Eagle County School District direct debt | | | 269,781,446 |
| Total direct and overlapping debt | | | 564,042,760 |

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)

TABLE 13

| Fiscal Year | Population | Median Household Income | October 1 School Enrollment | October 1 Funded Pupil Count | Unemployment Rate |
|--------------------|-------------------|--------------------------------|------------------------------------|-------------------------------------|--------------------------|
| 2009 | 53,898 | 75,400 | 6,007 | 5,637 | 3.6% |
| 2010 | 55,269 | 77,900 | 6,244 | 5,880 | 7.3% |
| 2011 | 52,197 | 76,500 | 6,181 | 5,846 | 9.5% |
| 2012 | 54,283 | 75,400 | 6,344 | 5,994 | 8.6% |
| 2013 | 53,681 | 76,400 | 6,408 | 6,014 | 8.1% |
| 2014 | 55,548 | 77,200 | 6,520 | 6,182 | 6.6% |
| 2015 | 52,460 | 78,300 | 6,713 | 6,371 | 4.2% |
| 2016 | 52,921 | 77,600 | 6,804 | 6,463 | 3.1% |
| 2017 | 53,989 | 79,600 | 6,901 | 6,553 | 2.8% |
| 2018 | 54,772 | 80,600 | 6,931 | 6,558 | 2.3% |

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
6/30/2018 and 9 Years Ago**

TABLE 14

| Employer | 2018 | | | 2008 |
|--------------------------------------|------|---------------------|---------------------------------------|------|
| | Rank | Number of Employees | Percentage of Total County Employment | Rank |
| Vail Resorts Inc. | 1 | 3,210 | 15.2% | 1 |
| Eagle County School District | 2 | 1,000 | 2.9% | 2 |
| Vail Health | 3 | 906 | 2.7% | 3 |
| Eagle County Government | 4 | 473 | 1.4% | 4 |
| Sonnenalp Resort | 5 | 420 | 1.2% | 9 |
| Westin Riverfront Resorts | 6 | 382 | 1.1% | - |
| Town of Vail | 7 | 348 | 1.0% | 10 |
| East West Resorts | 8 | 286 | 0.9% | - |
| Park Hyatt Beaver Creek Resort & Spa | 9 | 250 | 0.9% | 8 |
| Vail Marriott | 10 | 255 | 0.8% | - |
| Ritz Carlton-Bachelor Gulch | - | - | - | 5 |
| Eagle County | - | - | - | 6 |
| Gallegos Corporation | - | - | - | 7 |

Source: Eagle County

**Eagle County Schools
Operating Statistics
Last Ten Fiscal Years**

TABLE 15

| Fiscal Year | Governmental Fund Expenditures | Funded Students | Cost Per Pupil | Percentage Change |
|------------------------|---|----------------------------|-------------------------------|------------------------------|
| 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% |
| 2017-18 | 193,253,591 | 6,894.5 | 28,030 | 70.5% |

Source: Eagle County Schools Finance

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

**Eagle County Schools
District Employees FTE
June 30, 2018**

TABLE 16

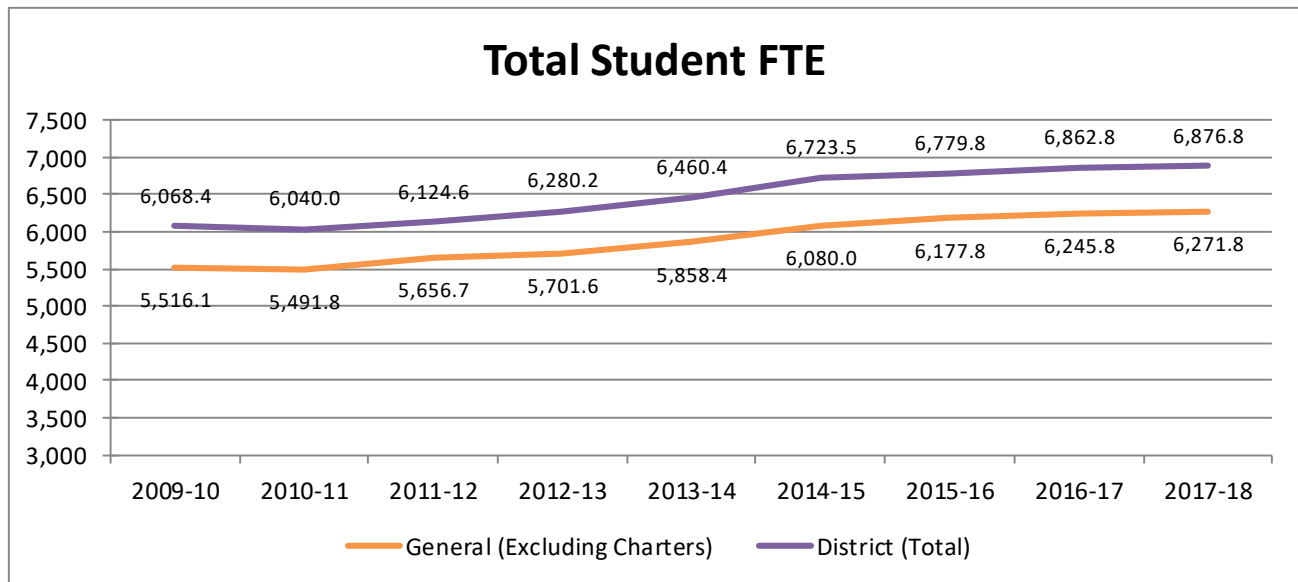
| | 100-104 | 105-125 | 201-209 | 210-220 | 230-239 | 320-358 | 360-399 | 400-499 | 500-599 | 600-699 | |
|---|----------------|--------------|---------------|----------------|-----------------|--------------------|-------------------|-----------------------------|----------------------|-------------------|-----------------|
| | | | | | ESS | | | | | | |
| Location | District Admin | School Admin | Teachers | Other Teachers | Certified Staff | Professional Staff | Technical Support | Instructional Support Staff | Office/Admin Support | Trades & Services | Total FTEs |
| General Fund | | | | | | | | | | | |
| 110 Eagle Valley Elementary | - | 1.59 | 25.00 | 1.01 | - | - | - | 9.11 | 1.75 | 2.00 | 40.46 |
| 120 Brush Creek Elementary | - | 1.00 | 24.91 | 0.80 | - | - | - | 10.32 | 2.00 | 2.00 | 41.03 |
| 130 Avon Elementary | - | 2.00 | 20.87 | - | - | - | - | 9.64 | 2.13 | 2.00 | 36.64 |
| 140 Red Sandstone Elementary | - | 1.00 | 17.00 | 0.80 | - | - | - | 8.67 | 1.81 | 1.50 | 30.78 |
| 160 Gypsum Elementary | - | 1.00 | 21.00 | 1.00 | - | - | - | 12.48 | 2.00 | 2.00 | 39.48 |
| 170 Edwards Elementary | - | 1.00 | 21.34 | 1.80 | - | - | - | 8.01 | 2.00 | 2.00 | 36.15 |
| 180 Red Hill Elementary | - | 1.00 | 28.29 | 0.59 | - | - | - | 16.00 | 1.88 | 3.00 | 50.76 |
| 190 June Creek Elementary | - | 1.00 | 20.00 | 0.50 | - | - | - | 22.93 | 2.00 | 2.00 | 48.43 |
| 210 Eagle Valley Middle | - | 2.00 | 19.50 | 0.91 | - | - | - | 1.00 | 1.00 | 2.25 | 26.66 |
| 230 Berry Creek Middle | - | 2.00 | 22.00 | 1.00 | - | - | - | 8.00 | 1.50 | 1.81 | 36.31 |
| 240 Gypsum Creek Middle | - | 2.00 | 23.00 | 1.00 | - | - | - | 5.14 | 2.00 | 2.00 | 35.14 |
| 310 Battle Mountain High | - | 4.00 | 49.01 | 4.00 | - | - | - | 9.04 | 5.00 | 7.00 | 78.05 |
| 320 Eagle Valley High | - | 4.00 | 52.08 | 3.00 | - | - | - | 10.00 | 4.38 | 4.00 | 77.46 |
| 340 Vail Ski and Snowboard Academy | - | 1.50 | 13.35 | 1.00 | - | - | - | 1.12 | 1.00 | 2.26 | 20.23 |
| 390 Red Canyon High | - | 2.00 | 15.01 | 1.00 | - | - | - | - | 2.00 | 1.00 | 21.01 |
| 461 World Academy | - | - | - | - | - | - | - | - | - | - | - |
| 501 Homestake Peak School | - | 3.00 | 39.50 | 2.00 | - | - | - | 10.18 | 2.60 | 3.00 | 60.28 |
| 610 Superintendent & Board of Education | 3.00 | - | - | - | - | 1.00 | - | - | - | - | 4.00 |
| 619 Gifted & Talented | 1.00 | - | 6.00 | 1.00 | - | - | - | - | - | - | 8.00 |
| 620 Educator Quality | 1.00 | - | - | 2.00 | - | - | - | - | 1.00 | - | 4.00 |
| 621 Instructional Services | 1.00 | 1.00 | - | 1.00 | - | - | - | - | 1.00 | - | 4.00 |
| 622 Student Services | 1.00 | - | - | 2.00 | - | - | 2.00 | - | 1.00 | - | 6.00 |
| 623 Assessment | - | - | - | - | - | - | - | - | - | - | - |
| 624 Nursing | - | - | - | - | 3.00 | - | - | 13.37 | - | - | 16.37 |
| 625 Exceptional Student Services | 1.00 | 1.00 | - | 4.80 | 18.85 | 1.00 | - | 3.00 | 3.00 | - | 32.65 |
| 626 English Language Acquisition (ELA) | - | 1.00 | - | - | - | 4.00 | - | - | - | - | 5.00 |
| 627 Preschool | - | 1.00 | 7.00 | - | - | - | - | 1.65 | 1.03 | - | 10.68 |
| 629 Community Relations/Grant Writer | - | - | - | - | - | 1.00 | - | - | - | - | 1.00 |
| 630 Business Services | 2.00 | - | - | - | - | 1.00 | - | - | 4.00 | - | 7.00 |
| 640 Human Resources | - | 1.00 | 4.00 | 1.00 | - | - | - | - | 3.00 | - | 9.00 |
| 650 Technology | 1.00 | - | - | - | - | - | 14.00 | - | 1.00 | 1.00 | 17.00 |
| 670 Food Services | - | - | - | - | - | - | - | - | - | - | - |
| 710 Maintenance | - | - | - | - | - | 1.00 | - | - | 1.00 | 20.85 | 22.85 |
| 720 Transportation | - | - | - | - | - | - | - | - | - | - | - |
| 950 ECCA | - | 2.00 | 25.25 | - | - | - | 2.00 | 11.50 | 1.00 | 3.50 | 45.25 |
| General Fund Total | 11.00 | 37.09 | 454.11 | 32.21 | 21.85 | 9.00 | 18.00 | 171.16 | 52.08 | 65.17 | 871.67 |
| Other District Funds | | | | | | | | | | | |
| 21 Nutrition Services Fund | 1.00 | - | - | - | - | 1.00 | - | - | 1.88 | 31.18 | 35.06 |
| 22 Grants Fund | - | - | 25.76 | 7.75 | 2.80 | - | 1.00 | 8.91 | 4.91 | - | 51.13 |
| 25 Transportation Fund | - | - | - | - | - | 2.00 | - | - | 4.38 | 40.39 | 46.77 |
| 52 District Housing Fund | - | - | - | - | - | - | - | - | - | 0.25 | 0.25 |
| Total District Funds | 1.00 | - | 25.76 | 7.75 | 2.80 | 3.00 | 1.00 | 8.91 | 11.17 | 71.82 | 133.21 |
| Total All Funds | 12.00 | 37.09 | 479.87 | 39.96 | 24.65 | 12.00 | 19.00 | 180.07 | 63.25 | 136.99 | 1,004.88 |

Source: Eagle County Schools Finance and Human Resources Departments

**Eagle County Schools
Student Enrollment FTE
Last Ten Fiscal Years**

TABLE 17

| Year | General (Excluding Charters) | District (Total) | CSI | ECCA/NAS | Charter |
|-------------|---|-----------------------------|------------|-----------------|----------------|
| 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 |
| 2017-18 | 6,271.8 | 6,876.8 | 275.0 | 330.0 | 605.0 |



Source: Eagle County Schools Finance

**Eagle County Schools
Schedule of Insurance
(Unaudited)**

TABLE 18

| Description of Insurance | Carrier or Pool | Coverage Limit | Deductible |
|-------------------------------------|--|-----------------------|-------------------|
| 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

**Eagle County Schools
Facility Statistics**

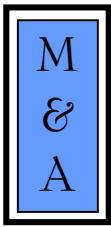
TABLE 19

| | SCHOOL | GRADE LEVEL | BLDG. SQ. FT. | APPROX. ACREAGE | YEAR BUILT | CAPACITY |
|----|------------------------------|--------------------|----------------------|------------------------|-------------------|-----------------|
| 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 | | | |
| | | | 1,280,501 | | | |

Source: Eagle County Schools Maintenance Department

Compliance Section

Single Audit



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

**To the Board of Education
Eagle County Schools
Eagle, CO**

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, each major fund, and the aggregate remaining fund information of Eagle County Schools (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 13, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

Member: American Institute of Certified Public Accountants

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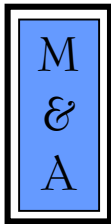
INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Eagle County Schools
Eagle, CO

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 District's internal or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
November 13, 2018



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

**To the Board of Education
Eagle County Schools
Eagle, CO**

Report on Compliance for Each Major Program

We have audited the compliance of the Eagle County Schools (the "District") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibilities

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

Auditor's Responsibilities

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance with those requirements.

As described in item 2018-001 in the accompanying Schedule of Audit Findings and Questioned Costs, the District did not comply with the reporting requirements applicable to its Child Nutrition Cluster Programs. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to the program.

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Eagle County Schools
Eagle, CO

Opinion on Each Major Federal Program

In our opinion, except for the noncompliance described in the preceding paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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.

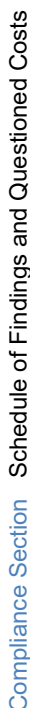
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiency and therefore, material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

Purpose of this Report

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
November 13, 2018



Part I: Summary of Auditor's Results

Eagle County Schools
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

Findings related to federal awards as required by Government Auditing Standards:

Audit Finding 2018-001 - Child Nutrition Cluster (CFDA 10.555);

Grant Period - Year Ended June 30, 2018; Department of Agriculture, passed through Colorado Department of Education

Criteria or Specific Requirement:

Grant criteria requires that all meals claimed for reimbursement must (a) be of types authorized by the School Food Authority, institution's, or sponsor's administering agency; (b) be served to eligible children; and (c) be supported by accurate meal counts and records indicating the number of meals served by category and type.

Condition:

The District submitted reimbursement claims that were not supported by meal count documentation.

Questioned Costs: Unable to determine.

Context:

This finding impacts the internal controls surrounding the compliance requirements for determining eligibility for the Child Nutrition Program.

Effect:

See condition above.

Cause:

The District did not follow its procedures for ensuring supporting documentation is retained in support of the requested reimbursements.

Recommendation:

The District has since changed personnel in this department. We recommend the District review its policies and procedures with new staff to ensure that documentation of reimbursement claims is properly retained and correctly submitted.

Views of Responsible Officials and Planned Corrective Action: We agree with the auditor's recommendation. The Food Service Manager that was responsible for the reports in question is no longer with the District. The Chief Financial Officer, Sandra Mutchler and new Food Service Manager Christopher Delsordo – Director of Nutritional Services have worked with the Colorado Department of Education to implement proper procedures

Note: There were no findings for the fiscal year ended June 30, 2017.

Eagle County Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Grant Project Code | Expenditures | |
|--|----------------------------|---------------------------|---------------------|----------|
| United States Department of Education | | | | |
| Passed through State Department of Education: | | | | |
| Title I, Part A | 84.010 | 4010 | 656,374 | |
| Special Education Cluster | | | | |
| Special Education | 84.027 | 4027 | 1,112,661 | B |
| Special Education - Preschool | 84.173 | 4173 | 25,033 | B |
| English Language Acquisition | 84.365 | 4365/7365 | 142,902 | |
| Mathematics and Science Partnerships | 84.366 | 5366 | 293,526 | |
| Supporting Effective Education | 84.367 | 4367 | 140,503 | |
| Race to the Top - Early Learning Challenge | 84.412 | 5412 | 4,458 | |
| Passed through Colorado Community College System: | | | | |
| Carl Perkins Vocational & Applied Technology | 84.048 | 4048 | 28,710 | |
| Total United States Department of Education | | | <u>2,404,167</u> | |
| United States Department of Health and Human Services | | | | |
| Passed through State Department of Health and Human Services: | | | | |
| Head Start | 93.600 | 8600 | 584,866 | |
| Total United States Department of Health and Human Services | | | <u>584,866</u> | |
| United States Department of Agriculture | | | | |
| Passed through Colorado Department of Human Services | | | | |
| Food Distribution Commodities | 10.555 | 4555 | 118,510 | A |
| Passed through State Department of Education: | | | | |
| National School Breakfast Program | 10.553 | 4553 | 99,894 | A |
| National School Lunch Program Cluster | 10.555 | 4555 | 816,953 | A |
| Summer Food Service Program for Children | 10.559 | 4559 | 48,086 | A |
| Total United States Department of Agriculture | | | <u>1,083,443</u> | |
| Total Federal Expenditures | | | <u>\$ 4,072,476</u> | |

Additional Information for Clusters:

| | |
|----------------------------------|--------------|
| A Child Nutrition Cluster | \$ 1,083,443 |
| B IDEA Cluster | \$ 1,137,694 |

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2018:

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Eagle County Schools, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2, US Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

Note 2. Basis of Determining the Value of Non-Cash Awards Expended:

Food Commodities: Fair market value of commodities at the time recipient received award and the assessed value provided by the federal agency.

Note 3. Sub recipients:

The District did not provide any federal funds listed in the Schedule of Expenditures of Federal Awards received to sub recipients.

Note 4. Indirect Facilities and Administration Costs:

The District has not elected to use the 10% de minimis cost rate allowed in 200.414, *Indirect (F&A) Costs*, of the Uniform Guidance.

State Compliance

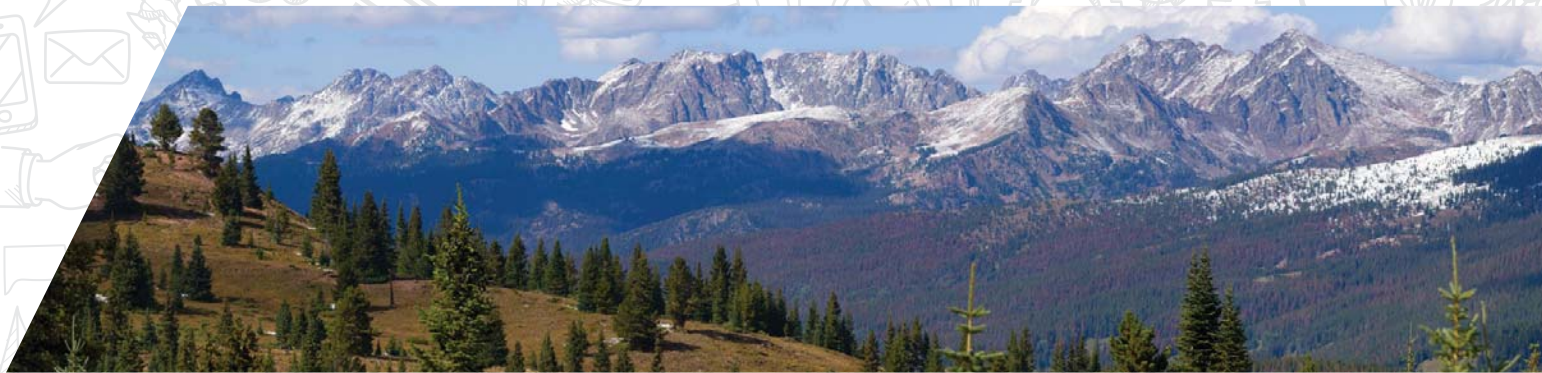


Colorado Department of Education
Auditors Integrity Report
District: 0910 - EAGLE COUNTY RE 50
Fiscal Year 2017-18
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

| Fund Type &Number | Beg Fund Balance & Prior Per Adj (6880*) | 1000 - 5999 Total Revenues & Other Sources | 0001-0999 Total Expenditures & Other Uses | 6700-6799 & Prior Per Adj (6880*) Ending Fund Balance |
|---|--|--|---|---|
| Governmental | + | | - | = |
| 10 General Fund | 15,146,931 | 71,876,611 | 70,078,725 | 16,944,818 |
| 18 Risk Mgmt Sub-Fund of General Fund | 0 | 0 | 0 | 0 |
| 19 Colorado Preschool Program Fund | 0 | 0 | 0 | 0 |
| Sub- Total | 15,146,931 | 71,876,611 | 70,078,725 | 16,944,818 |
| 11 Charter School Fund | 1,249,874 | 4,316,315 | 4,148,054 | 1,418,136 |
| 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 | 468,843 | 1,869,267 | 2,059,627 | 278,482 |
| 22 Govt Designated-Purpose Grants Fund | 0 | 3,975,727 | 3,975,727 | 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 | 265,936 | 2,453,062 | 2,404,997 | 314,001 |
| 31 Bond Redemption Fund | 16,186,060 | 21,079,241 | 20,681,328 | 16,583,973 |
| 39 Certificate of Participation (COP) Debt Service Fund | 0 | 0 | 0 | 0 |
| 41 Building Fund | 129,718,188 | 2,725,964 | 88,312,586 | 44,131,566 |
| 42 Special Building Fund | 0 | 0 | 0 | 0 |
| 43 Capital Reserve Capital Projects Fund | 1,667,954 | 2,105,184 | 1,688,772 | 2,084,366 |
| 46 Supplemental Cap Const, Tech, Main Fund | 0 | 0 | 0 | 0 |
| Totals | 164,703,786 | 110,401,371 | 193,349,815 | 81,755,342 |
| Proprietary | | | | |
| 50 Other Enterprise Funds | 854,368 | 116,375 | 141,836 | 828,907 |
| 64 (63) Risk-Related Activity Fund | 0 | 0 | 0 | 0 |
| 60,65-69 Other Internal Service Funds | 0 | 0 | 0 | 0 |
| Totals | 854,368 | 116,375 | 141,836 | 828,907 |
| 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 | 1,291,252 | 892,614 | 815,965 | 1,367,902 |
| 79 GASB 34:Permanent Fund | 0 | 0 | 0 | 0 |
| 85 Foundations | 0 | 0 | 0 | 0 |
| Totals | 1,291,252 | 892,614 | 815,965 | 1,367,902 |

FINAL



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EAGLE COUNTY SCHOOLS