

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER

EL PASO COUNTY, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

Prepared by:
Business and Finance Office
Cheryl Wangeman, Assistant Superintendent
Marcy Studtmann, Finance Manager

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INTRODUCTORY SECTION

LEWIS-PALMER SCHOOL DISTRICT #38

146 Jefferson Street, P.O. Box 40
Monument, Colorado 80132-0040

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*We believe in local, national and global stewardship to
create strong citizens who will secure a better world.
This is why we educate.*

November 20, 2018

To the Citizens and Members of the Board of Education
El Paso School District #38 – Lewis-Palmer
Monument, Colorado

Transmittal Letter (Unaudited)

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of El Paso County School District #38 - Lewis-Palmer (District #38) for the year ended June 30, 2018.

This introductory section of the El Paso County School District #38 - Lewis-Palmer annual financial report presents an overview of District #38, including program and financial highlights. This report presents a clear financial picture of Lewis-Palmer School District #38 to all patrons and interested parties.

State statutes require the District to publish, within six months of the close of each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards (GAAS) by an independent firm of certified public accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the District.

To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the entity's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. The District has an established comprehensive and efficient system of internal controls. Because the cost of a control should not exceed the benefits to be derived, the internal controls have been designed to provide reasonable assurance, rather than absolute assurance, that financial statements will be free from material misstatement.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of the operations of the various funds and the component unit of the District. All disclosures necessary to enable the reader to gain an understanding of the District's activities have been included.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement Management's Discussion and Analysis and should be read in conjunction with it. This discussion and analysis can be found immediately following the Independent Auditors' Report.

The District's financial statements have been audited by CliftonLarsonAllen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the compliance section of this document.

The District's Comprehensive Annual Financial Report incorporates the reporting model prescribed by the Governmental Accounting Standards Board (GASB) Statement 34. This approach emphasizes the use of District-wide financial statements, in addition to fund financial statements, enabling the reader to obtain an overview of the District's financial position and results of operations.

The notes to the financial statements, including a summary of significant accounting policies of the District, are considered to be an integral part of the financial statements and contain certain information not shown on the face of the financial statements that is required to be disclosed under generally accepted accounting principles. Readers of the financial statements are encouraged to thoroughly review the information contained in the notes in connection with their overall review of the financial statements.

The School District Overview

The District is a political subdivision of the State of Colorado and a corporate body organized in 1949 as a result of the consolidation of several smaller school districts, for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District's boundaries have been redrawn numerous times over the years, the last redistricting occurring in conjunction with the opening of the Air Force Academy in the mid 1950's. The District encompasses approximately 131 square miles located in the northwestern corner of El Paso County. The District is just north of the Air Force Academy and is bisected by Interstate 25. It contains primarily residential property and includes the towns of Monument and Palmer Lake as well as a number of unincorporated suburban communities. There are presently five elementary schools, one PK-8 charter school, one middle school and two high schools providing for the education of approximately 7,000 students. District #38 estimates its 2018 population to be 39,500.

Based in Monument Colorado, a five-member board is responsible for the management of the District. Board members are elected by registered voters of the District. The District is divided into five representative areas; board members must live in the area they represent. Board members serve four-year terms and have general duties that empower them to employ a superintendent of schools and approve compensation of all personnel necessary to maintain the operations and carry out the educational programs of District #38. They also identify attendance boundaries, establish the annual budget, determine educational programming, approve textbooks and perform other duties as established by Colorado state statutes. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding sources.

The District has reviewed its reporting entity definition in accordance with the GASB, which defines the governmental reporting entity. This report includes all funds, organizations and activities for which the Board has oversight responsibility as further described in Note 1 in the Notes to Financial Statements. Our financial statements include one component unit, Monument Academy Charter School. Detailed financial information can be found in the Statement of Net Position, Statement of Activities and the footnotes along with the School's stand-alone statements. The Charter School is funded via a pass through of state per pupil funding from the District to the Charter School.

Approximately 7,000 students attend school at the District's nine schools. In addition to our award winning traditional schools, and exceptional charter school, the District offers additional learning opportunities including:

- Preschool programs at numerous school sites, preparing students for elementary school
- Numerous Advanced Placement, dual and concurrent enrollment (college level) courses at our two traditional high schools
- The District #38 Home School Academy, providing enrichment opportunities to K-8 students who are home schooled
- Exceptional honors courses at the high school level
- Gifted and talented instruction at all school locations

- STEAM (science, technology, engineering, art, and math) qualified courses at both high schools
- Exceptional art, band and vocal music opportunities at all school locations
- Transitional programming for special needs students between the ages of 18 and 21
- K-12 college and career preparatory emphasis curriculum
- On-line high school and middle school coursework opportunities
- A wide range of extra-curricular activities including most CHSAA sports, drama, musicals, band, robotics, knowledge bowl, student council, DECCA and numerous other activities

Vision and Strategies

We believe in local, national, and global stewardship to create strong citizens who will secure a better world. This is WHY we educate.

We are District #38. An educational community ensuring achievement reflects the greatest potential of every student. District #38 is a partnership of parents, the community and educators that aspires to prepare our students to be successful learners, productive citizens and caring contributors to society. We seek to develop each student's talents in a safe, nurturing environment and to inspire a life-long love of learning.

Vision:

- I. Student Learning: Preparing all students. Our highest priority is our students. Our responsibility is to provide a safe and engaging educational experience and prepare all students to become happy, healthy, compassionate, and productive adults.
- II. Empowering Staff: We believe successful schools build sustainable practices and culture by empowering all staff to contribute to ongoing excellence through a growth mindset.
- III. Community Engagement: We value community partnerships, inviting our parents and community to join with us in building a supportive culture that enhances the quality of life for our students.

District #38 Strategies:

I. Preparing ALL students:

- Continued excellence will be maintained through the development of community and business partnerships for post-graduate success, ensuring a thoughtful balance is maintained between tradition and continuous improvement, and through monitoring improvement strategies.
- We will prepare students for the future through intentionally planning for growth, planning to meet demographic shifts in student membership, and providing relevant, engaging, rigorous, and future-focused learning for students.
- We will nurture the overall wellness of students through a focus on maintaining positive learning environments, prioritizing efforts for wellness, safety and security, and fostering a growth mindset.

II. Empowering staff:

- We will create a supportive culture for staff by building leadership capacity with all staff, creating learning opportunities for staff based on needs, and supporting risk-taking and innovation.
- We will create student centered environments through nurturing staff growth mindset, supporting staff in obtaining additional credentials to provide for expanded opportunities for students, and engaging staff in professional development opportunities tailored to meet the future needs of students.
- We remain foundationally sound and future focused through attracting and retaining quality staff, adapting to demographic shifts, and engaging in opportunities to transform education for students' future needs.

III. Community engagement

- We will continue partnerships with community, parents, students, and business; build relationships with key organizations and stakeholders, and maintain D#38's role as a vital contributor to the community.
- We will ensure communication through developing and communicating points of pride, tailoring messaging to stakeholders, and adapting to emerging communication tools and our environment.
- We are respectful in our relationships through the utilization of deliberative engagement as a tool for community input, demonstrating value-added impact through our relationships, and serving as a model for economic development.

The District forecasts, plans, allocates and monitors budgets for schools and departments in accordance with district, state and federal requirements. District #38 is committed to being fiscally responsible with taxpayer resources by conducting business with honesty and integrity, and carefully considering the impact on each student when making all monetary decisions.

Factors Affecting Financial Condition

According to the Colorado Legislative Council's economic and revenue forecast for September 2018, the ongoing expansion in the U.S. and Colorado economy is predicted to continue, but at slower rates when compared to the last two years. Tightening labor markets, rising inflation and trade disputes are cited as slowing factors for the state and national economy. Traditionally, Colorado's economy closely mirrors the U.S. economy. Currently, however, Colorado ranks among the nation's strongest economies, with the annual percentage change in gross domestic product estimated at 3% in the first quarter of 2018. This places Colorado as the fourth strongest state economy in the nation. National GDP growth is at 2%. The State Office of Budget and Planning is projecting that the state's GDP will average 2.8% growth for 2018 and 2.6% growth for 2019. Low unemployment and above average personal income growth continue for the state as a whole. A majority of the state's industries are healthy. The technology sector continues to propel the state's economy, adding jobs and companies.

Although the labor market is tight, the state's educated and growing workforce is attracting new companies. Technology companies lead new job growth for the state with 34% growth between 2010 and 2017 according to the August 2018 CBR Technology Report. This represents over 27,000 jobs. According to the Legislative Council's economic and revenue forecast for September 2018, business investment in software and equipment increased by 8.1% in the first half of 2018 over the same period in 2017. According to the US Census Bureau, 35% of adults aged 25 or older in the Colorado Springs region have some college education as compared to 28.9% for the State as a whole as well as the US. While approximately 39% of the region's adults have a Bachelor's degree, this nearly matches the state's average of 40%; these marks exceed the national average of 32%.

However, the housing shortage along the front range, reaching north to Fort Collins and south to Colorado Springs is increasing costs for individuals, and pricing potential home buyers out of the market. As of the second quarter, the median home price is \$323,000 for the Colorado Springs region according to the Pikes Peak Association of REALTORS. This is a 13.9% increase over the same quarter of 2017. This compares to \$463,000 in Denver and \$269,000 for the US as a whole. Denver's average home price increased by 9% year over year. The Colorado Springs area has a 1.9 month inventory, and existing homes sold in an average of 27 days during the month of September 2018. Considering all consumer expenditures, the July 2018 consumer price index for the state (Denver/Boulder/Greeley CPI) exceeds the US average by 3%.

Wage pressure is increasing for the front range as labor remains difficult to find. According to the US Bureau of Labor Statics, the 2017 El Paso County Colorado's private industry average wage is 16.6% lower than the state average, which is 3% above the US average. This difference is expected to decrease as transportation corridors between the Denver Metro area and the Colorado Springs Metro area improve. Population growth has slowed, which is expected to exasperate the labor shortage. In addition, baby boomers are retiring; the percentage of Coloradoans 65 and over is expected to rise from a historical average of 10% to approximately 15% by 2020 according to the state's legislative counsel report. However, Colorado Springs is the fastest growing city for Millennials, according to US Census estimates, at 14.7% growth from 2010-2015. Denver is the third fastest growing city for Millennials at 12.8% for the same period.

Business investments and profits have grown based on a strong consumer sector for the state. Proprietors' income increased by 5.1% while corporate profits increased by 4.3% in the first half of 2018 as compared to the first half of 2017. The state's unemployment rate (U3) is 2.8% while the US unemployment rate is 6.1%. Underemployment is 3.9% and 7.4% respectively. Colorado's labor market is one of the strongest in the country due to continued economic growth.

Specific to the Colorado Springs region, the economy continues to expand, with population growth and tourism boosting employment and construction activity. The population is expected to more than double between 2000 and 2050. El Paso County's population is expected to grow by 1.4% between 2017 and 2018 according to the State Demographer's office. New home building permits totaled 4,854 in 2017 for the region. In May of 2018 over 800 new home permits were pulled according to the Pikes Peak Regional Building Department. The region is dominated by the public sector, primarily due to federal military employment, tourism, advanced technology manufacturing, and information technology industries which are strong continue to expand. 16.1% of all adults in El Paso County are veterans as compared to 8.6% for the state and 7.2% for the nation according to the US Census Bureau.

According to the Pikes Peak Workforce Center, there are 1.21 people looking for work for every job available. As of September 2018 over 7,000 medical and technology positions were unfilled in the Colorado Springs area. Job growth remains broad-based across most industries. The related population growth has supported demand for housing, goods, and basic services. This has boosted employment in the construction, retail trade, transportation, and health care sectors. The region's unemployment rate has continued to fall from an average of 3.9% in December of 2015 to 2.7% as of May 2018. The strong labor market, coupled with population growth and strong tourism growth, are aiding consumer spending.

Locally, the District #38 community continues to experience rapid housing growth, along with increases evident in the retail and health care industries. The Tri-Lakes area continues to rank as one of the wealthiest communities in the state. Housing shortages in the Denver area continue to drive home construction in the District as workers commute to the Denver region. The interstate connecting Monument to Denver is expanding to eight lanes. This is expected to continue to facilitate growth for the Tri-Lakes area. Home costs along with the District's reputation and mountain terrain contribute to growth.

District #38

District #38's operating revenues increased by 4% over the 2016-2017 fiscal year, while operating reserves increased by 2%. Total Governmental Reserves increased by 3%; the largest increase was in the Building Reserve Fund resulting from cash in lieu of land fees paid from new home construction.

District #38's funding is largely dependent upon enrollment. The table below outlines the school name, grade levels served, and enrollment for preschool through twelfth grade Full-Time Equivalents as of the official count date in October 2017 and the estimated October 2018 student count.

Student Enrollment Information 2017-2018

School	Date Placed in Service	October 2017 Student FTE	October 2018 Student FTE
Bear Creek Elementary School	2001	799	798.5
Lewis-Palmer Elementary School	1972	388	416
Palmer Lake Elementary School	1934	342.5	327
Prairie Winds Elementary School	2001	351.5	344
Ray Kilmer Elementary School	1994	340	343.5
Lewis-Palmer Middle School	1994	863	885.5
Lewis-Palmer High School	1978	1,052.5	1,128
Palmer Ridge High School	2007	1,175.5	1,211.5
Monument Academy	2009	906.5	898.5
Students Attending Non-District Locations	n/a	12	18
Home School Academy	n/a	42	64.5
Totals		6,273	6,435

Note: October 1 Student FTE does not equal funded pupil count. Funded pupil count adds an additional .08 for each kindergarten student. For example, Monument Academy had a total enrollment as of the 2018 count date of 939 students; 81 of these were kindergarteners. Their October FTE was therefore 898.5 (939 less 40.5 as kindergarteners count as .5). Their Funded Pupil Count was 898.5 plus 81 kindergarteners times .08 funding FTE, for a total of 904.98.

The district as a whole had 362 kindergarteners; therefore, the *Funded Pupil Count* is estimated to be 6435 plus 362 times .08, for a total of 6463.96. The .08 funding allocation will add 28.96 *Funding FTE* that is not a part of the *Count FTE*.

From FY 2008-09 to FY 2018-19, District #38 enrollment as measured by FTE, or full time equivalent students, has increased by 15%. The large majority of this increase is due to increasing enrollment at the high school level and at Monument Academy Charter School. Based on new home permits and decreasing ratios of birthrates to enrollment rates, enrollment is expected to increase between 2.5% and 3.2% annually for the next three years. The District is currently seeking voter approval for an additional elementary school. This will allow Bear Creek Elementary School, which currently operates in a middle school facility, to move to the new elementary school and alleviate over-crowding in Lewis-Palmer Middle School by splitting the enrollment between the two buildings. In addition, sixth graders would be moved from the elementary level back into the middle school level.

Many maintenance projects have been deferred due to a decline in state per pupil funding levels. In the past year, the District completed a long-term facilities study that provided additional data concerning deferred maintenance needs, expected enrollment growth and maximizing currently available building space.

Long-term financial planning is primarily based on the economic study by Dr. Charlie Brown of Colorado State University, commissioned by the Colorado State Legislature originally in 2011 and updated in 2013. The study was updated as a part of the Colorado Futures Center's "Financial Colorado's Future." The study indicates the state has a structural imbalance as it struggles to fund government in light of rapidly increasing Medicaid costs, which are only partially offset by economic growth. Because of this, the District expects to see funding increases equal to or below inflation rates for the foreseeable future.

As indicated above, the District's enrollment is expected to increase over the next few years as a result of new home construction. It is anticipated that retiree contributions, health insurance costs and utility costs will cause annual budgetary increases at a rate totaling \$500,000 per year. At the same time, the District is projected to continue to reduce its service bonus. This plan is included in general fund expenditures; average expenditures are \$150,000 to \$200,000 annually. The district eliminated its retiree health insurance liability as of June 30, 2018. This liability was over \$1,000,000 as of June 30, 2009. Expenditures towards the service bonus plan are expected to be largely extinguished in the next five years.

District #38 Financial Rating

District #38 maintains an Aa2 rating from Moody's, and an AA- rating from Standard and Poor's through the Colorado State Intercept Program. It maintains underlying ratings of Aa2 from Moody's, and an AA from Standard and Poor's.

District #38 Budget Process

The District begins the budget development process in July, as enrollment is calculated and staffing for the current year is reviewed and compared to enrollment. Enrollment trends are explored and projections are begun for the upcoming year. In the October-November timeframe student count is largely finalized and funding expectations are revised if necessary. Unaudited results of the prior year's financial results are completed, as are fund balance projections. Carryover amounts are projected and requests for approval of carryover are made to the Board of Education. Once approved, carry over budgets are allocated to schools and departments. In December, preliminary lists of capital reserve projects and large general fund projects to be funded in the upcoming year are discussed with the Board of Education. Capital reserve and general fund projects may involve building maintenance needs, technology updates or safety needs within the district. The District also reviews the Colorado Legislative Council's December Economic Outlook to determine possible state funding scenarios for the upcoming year.

In January and February enrollment projections are drafted and Board of Education Goals and Objectives are placed into the budget. Staffing needs, based on enrollment projections, are drafted.

Health insurance and liability insurance estimates are determined and overall revenue and expenditure estimates are formed. In the spring, student enrollment estimates are finalized, staffing is finalized and capital reserve projects are approved for the upcoming budgetary year. Once the state determines funding levels, compensation packages are established. The culmination of this process is the production of the proposed budget. It is reviewed by the District Accountability Advisory Committee, and in May, the Board of Education receives a copy of the proposed budget book.

The District is required by state law to adopt an annual budget which presents a complete financial plan for the ensuing fiscal year. At the time of adoption, the Board is required to adopt a resolution specifying the amount of money appropriated to each fund. The proposed budget and a statement describing the major objectives of the educational program for the ensuing fiscal year must be submitted to the Board no later than thirty days prior to the start of the fiscal year, i.e., on or before June 1. Within ten days after submission of the proposed budget, the Board must publish a notice stating that the proposed budget is available for inspection, that any District taxpayer may file or register objections to the proposed budget at any time prior to its adoption, and that the Board will consider adoption of the proposed budget at a designated meeting of the Board. Formal adoption of the budget is required by Board no later than June 30 of each year.

The District is prohibited from expending moneys in excess of the amount appropriated by resolution for a particular fund. When money for a specific purpose, other than ad valorem taxes, subsequently becomes available, a supplemental budget for expenditures not to exceed the amount of said money may be adopted and appropriated. Such procedure is applied to unbudgeted revenues from state and federal sources.

The District is prohibited from providing for expenditures in excess of available revenues and beginning fund balances and the Board is required to review the financial condition of the District at least quarterly. The District is required to annually prepare an itemized reconciliation between the fiscal year end fund balances based on the budgetary basis and the fiscal year end fund balances based on a modified accrual basis of accounting, utilizing accounting principles generally accepted in the United States of America ("US GAAP"). The District is also required to adopt a resolution authorizing and explaining any use of beginning fund balance authorized for expenditure in the budget.

Financial Policies

Detailed descriptions of the District's accounting policies are contained in the Notes to the Financial Statements on pages 8-41 of this report. These policies describe the basis of accounting, funds and accounts used, valuation policies for inventories and investments, capital assets, and other significant accounting information.

The District maintains a number of budgetary controls. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District #38 Board of Education. Activities of all funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level.

District #38 also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered amounts lapse at year-end.

Acknowledgements

We want to thank the Board of Education for their leadership and support to the students, staff, and community. Without their support and special consideration, allowing for productive work of the finance department staff, this report would not have been possible.

We extend a special thanks to our independent certified public accountant, CliftonLarsonAllen, LLP, and its staff for their professional and helpful approach in the performance of the audit and their assistance as District #38 prepared its fifth CAFR.

Finally, we would like to offer special thanks to all District #38 staff members who serve in the financial area of School District #38 as well: Dara Simington, Karen Alfultis, Sudell Riley and Janessa Watts, finance department staff, who contribute to the success of the finance department on a daily basis.

Respectfully submitted,



Karen Brofft
Superintendent

Cheryl Wangeman
Assistant Superintendent



Marcy Studtmann
Accounting Manager

EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
GFOA CERTIFICATE OF ACHIEVEMENT



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Lewis Palmer School District 38
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
ASSOCIATION OF SMALL BUSINESS OFFICIALS CERTIFICATE**



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

Lewis-Palmer School District #38

**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.



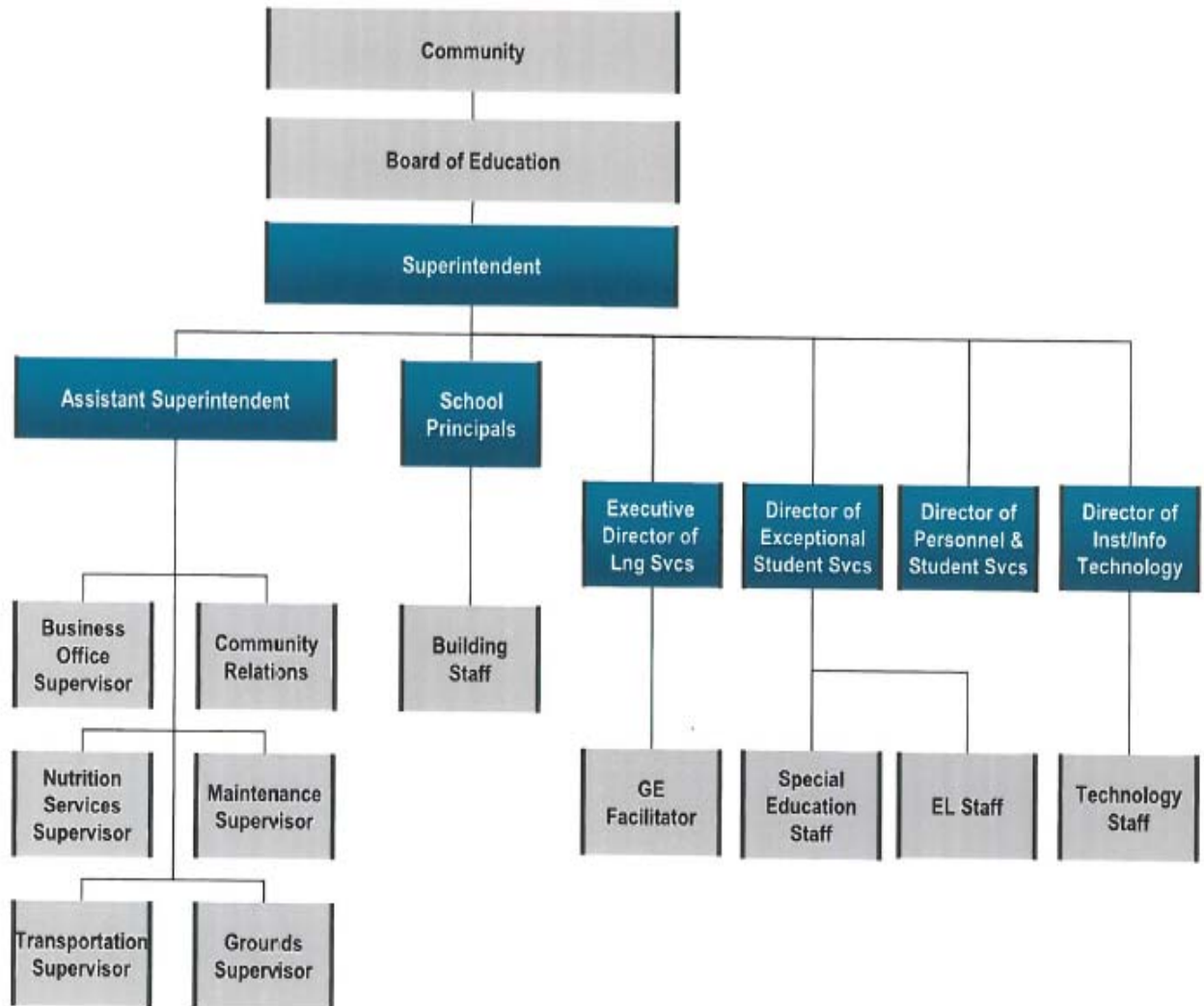
A handwritten signature in black ink that reads 'Charles E. Peterson, Jr.' The signature is written over a horizontal line.

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

A handwritten signature in black ink that reads 'John D. Musso'. The signature is written over a horizontal line.

John D. Musso, CAE
Executive Director

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
ORGANIZATION CHART
JUNE 30, 2018**



EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
ROSTER OF SCHOOL OFFICIALS

LEWIS-PALMER SCHOOL DISTRICT 38
146 Jefferson St., Monument, CO 80132

PRINCIPAL OFFICIALS

Board of Education

Matthew Clawson.....President
Tiffiney Upchurch.....Vice President
Chris Taylor.....Treasurer
Mark Pfoff..... Secretary
Theresa Phillips.....Director

Superintendent’s Staff

Karen BrofftSuperintendent
Cheryl WangemanAssistant Superintendent
Lori BentonExecutive Director of Learning Services
Richard FramptonDirector of Exceptional Student Services
Robert FosterDirector of Personnel and Student Services

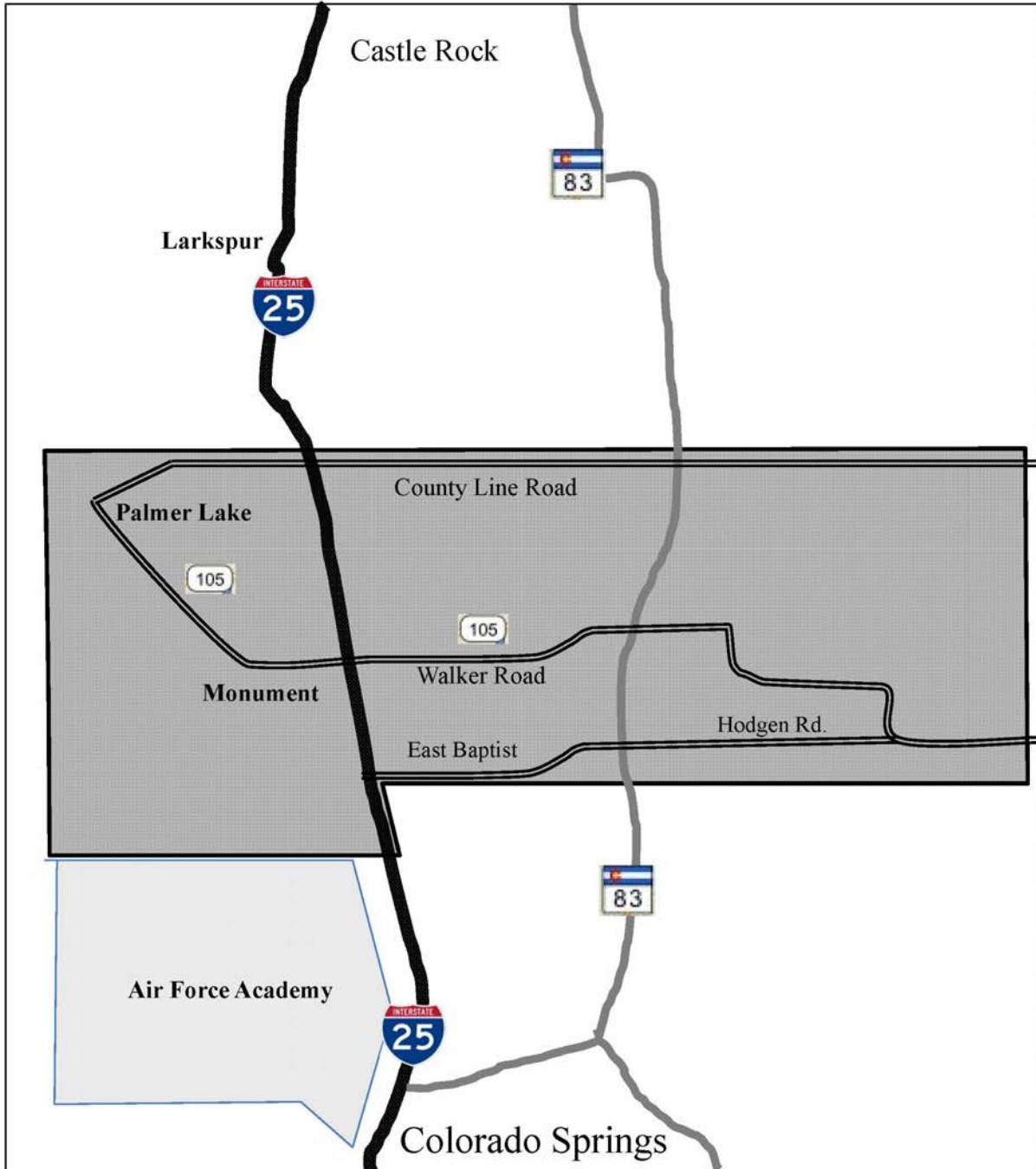
School Principals

Jennifer DayLewis-Palmer Elementary School
Aileen FinneganPrairie Winds Elementary School
Drew FrancisRay Kilmer Elementary School
Gary GabelPalmer Ridge High School
Peggy Griebenow.....Palmer Lake Elementary School
Anthony KarrLewis-Palmer High School
Seann O’ConnorLewis-Palmer Middle School
Peggy ParsleyBear Creek Elementary School

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
DISTRICT BOUNDARIES**

EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER

District Boundaries



FINANCIAL SECTION



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Education
El Paso County School District #38 – Lewis-Palmer
Monument, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of El Paso County School District #38 – Lewis-Palmer, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of El Paso County School District #38 – Lewis-Palmer as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

The District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of GASB Statement No. 75 as described in Note 12 to the financial statements, the District reported a restatement for the change in accounting principle. Our opinions are not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – general fund, pension schedules, and other post-employment benefits schedules on pages XX-XXXIV and 42-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise El Paso County School District #38 – Lewis-Palmer's basic financial statements. The combining and individual fund financial statements and schedules and Auditors' Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, the Auditors' Integrity Report, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2018, on our consideration of El Paso County School District #38 – Lewis-Palmer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering El Paso County School District #38 – Lewis-Palmer's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
November 20, 2018

EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(UNAUDITED)

This section of the El Paso County School District #38 - Lewis-Palmer's (the District) annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section, including the notes to the financial statements. Key financial highlights for 2018 are as follows:

- The total liabilities and deferred inflow of the Primary Government exceeded its assets including land, buildings, and equipment and deferred outflows of resources at the close of the fiscal year June 30, 2018 by \$106,814,556 for the primary reporting entity. This represented a decrease in net position of \$32,476,002. The District participates in the School Division Trust Fund, a cost-sharing multiple employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). This decrease in net position was primarily the result of the District's proportionate share of the net pension liability in the amount of \$198,346,512. This is an increase of \$17,704,476 over the net pension liability for the school district from the prior year.
- The District now has an unrestricted net position of negative \$145,628,142 as compared to a negative unrestricted net position of \$105,184,371 as of June 30, 2017.
- Total revenues were \$65,741,344. General revenues accounted for \$58,595,576 in revenue or 89% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$7,145,768 or 11% of total revenue.
- The Primary Government's total net position decreased from negative \$74,338,554 (as restated) at June 30, 2017 to negative \$106,814,556 at June 30, 2018. This was a decrease of \$32,476,002 during the fiscal year or 43%.
- The District incurred \$98,217,346 in expenses related to governmental activities; only \$7,145,768 of these expenses was offset by program specific charges for services, grants and contributions. General revenues, primarily State equalization and property taxes, of \$58,595,576 provided for the remaining funding of activities.
- As of June 30, 2018, the District's governmental funds reported a combined ending fund balance of \$19,422,286, an increase of \$696,305. The primary cause of the fund balance increase was a \$267,840 increase in General Fund balance combined with a \$347,333 increase in Nonmajor Governmental Funds Balance. The increase in General Fund Balance was primarily the result of increased specific ownership tax revenues combined with increased property tax revenues. Nonmajor Fund Balances have increased largely as a result of accumulation of resources in the Building Reserve Fund.
- The governmental funds had \$213,847 in fund balances designated as nonspendable related to inventory as of June 30, 2018.
- The governmental funds restricted fund balance totaled \$9,639,162 with \$1,663,192 held in the General Fund for the emergency contingency required by Article X, Section 20 of the Colorado Constitution, \$6,335,497 held in the Debt Service Fund, \$658,357 held in the Food Services Fund, and \$982,116 held in the Building Reserve Fund.

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT'S DISCUSSION AND ANALYSIS
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- \$1,657,919 was held at year end as a committed fund balance consisting of \$500,000 held for budgetary carryovers and \$579,360 for retirement payments in the General Fund, \$305,556; held for maintenance projects in the Building Reserve Fund; and \$273,003 held in the Pupil Activities Fund.
- \$126,201 was held at year end as an assigned fund balance in the Transportation Fund.
- The governmental activities total long-term debt decreased by \$4,181,145.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$7,785,157 or 14% of the total General Fund operating revenue.
- The General Fund total Nonspendable, Restricted, and Committed fund balance FY 2017-18 was \$2,902,774. This amount included a restricted balance of \$1,663,192, the emergency contingency required by Article X, Section 20 of the Colorado Constitution, and a committed balance of \$1,079,360, which consisted of \$500,000 committed for budget carryover from the 2017-2018 school year and \$579,360 committed to retirement payments. The remaining \$160,222 is held in nonspendable inventories.
- Among major funds, the General Fund had \$54,044,087 in revenue and \$53,776,247 in expenditures, including transfers out.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the District's basic financial statements. The District's financial statements consist of three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District. These two kinds of statements are district-wide financial statements and the fund financial statements, which include all funds of the District.

District-wide financial statements provide both short-term and long-term information about the District's overall financial status. They consist of two statements and are detailed in pages 1 and 2 of the District's financial statements.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference 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 on a full accrual basis, in other words, as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the District include instruction and support services of the District.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements focus on individual parts of the District, reporting the District’s operations in more detail than the district-wide statements. These statements follow the district-wide statements. These statements tell how basic services such as instruction were financed in the short term as well as what remains for future spending.

Fiduciary Fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Fiduciary Fund financial statements can be found on page 7 of this report.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s General Fund budget for the year.

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds – not the District as a whole. *Funds* are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds. These are Governmental and Fiduciary.

Governmental Funds – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the district-wide statements, the notes to the financial statements explain the relationship (or differences) between them, and are an integral part of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. For example, the Agency Fund accounts for funds raised through school fund raisers. Fiduciary funds are not reported in the district-wide financial statements because the resources of those funds are not available for the support of the District’s own programs.

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
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Notes to the Basic Financial Statements

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

The notes to the basic financial statements can be found on pages 8-41 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the District. The District adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. The District has presented the schedule of funding progress – retiree healthcare plan as part of the RSI. The District also presents required pension schedules in this section.

Other Information

The District adopts an annual appropriated budget for all funds. Budgetary comparison schedules have been provided for all other funds to demonstrate compliance with this budget. The combining statements and budgetary schedules are presented immediately following the required supplementary information.

Financial Analysis of the District as a Whole

The following table provides a summary of the District's net position as of June 30, 2018 and 2017, respectively:

Table 1 – Condensed Statement of Net Position

	<u>2018</u>	<u>2017</u>
Current and Other Assets	\$ 25,821,519	\$ 24,467,998
Capital Assets	<u>87,581,002</u>	<u>88,883,745</u>
Total Assets	113,402,521	113,351,743
Deferred Outflows of Resources	60,573,561	72,168,760
Current Liabilities	6,304,947	5,637,405
Long-Term Liabilities	<u>265,780,954</u>	<u>247,991,228</u>
Total Liabilities	272,085,901	253,628,633
Deferred Inflows of Resources	<u>8,704,737</u>	<u>1,896,008</u>
Net Investment in Capital Assets	29,228,404	26,068,898
Restricted	9,585,182	9,111,335
Unrestricted	<u>(145,628,142)</u>	<u>(105,184,371)</u>
Total Net Position	<u>\$ (106,814,556)</u>	<u>\$ (70,004,138)</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
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The following table provides a summary of the District's activities for the fiscal years ended June 30, 2018 and 2017, respectively:

Table 2 – Condensed Statement of Activities

	Governmental Activities	
	2018	2017
REVENUES		
Program Revenues:		
Charges for Services	\$ 2,878,476	\$ 2,281,296
Operating Grants/Contributions	4,267,292	4,004,429
Capital Grants/Contributions	-	-
General Revenues:		
Property Taxes	22,218,779	21,620,545
Specific Ownership Taxes	2,881,378	2,613,971
State Equalization	32,978,384	31,369,002
Investment Income	101,791	66,311
Other	415,244	680,118
Total Revenues	<u>65,741,344</u>	<u>62,635,672</u>
EXPENSES		
Instruction	57,919,925	52,286,500
Support	38,176,923	33,462,917
Interest on Long-Term Debt	<u>2,120,498</u>	<u>2,247,213</u>
Total Expenses	<u>98,217,346</u>	<u>87,996,630</u>
CHANGE IN NET POSITION	(32,476,002)	(25,360,958)
Net Position - Beginning as Restated*	<u>(74,338,554)</u>	<u>(44,643,180)</u>
NET POSITION - ENDING	<u>\$ (106,814,556)</u>	<u>\$ (70,004,138)</u>

* Only 2018 beginning balance represented restated amounts

Government-wide Financial Analysis

- Revenues increased from 2017 levels, increasing by \$3,105,672 or 4.1%.
- Program revenues increased by \$860,043 or 13.7%.
 - This is primarily the result of increases in increased revenues from food services and services provided in relation to a state construction grant.
- General Revenues increased by \$2,245,629 or 4.0%.
 - This is primarily the result of State equalization funding increases due to enrollment and inflationary funding, resulting in \$1.6 million in increased revenues, combined with property tax revenue increase of \$0.6 million, and a \$0.3 million increase in specific ownership tax revenue.

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
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- Expenses increased by \$10,220,716 or 11.6%
 - Instructional expenses increased by \$5,633,425. The vast majority of this increase was due to additional expenses related to the District’s participation in PERA. See Note 8 and 9 for additional information.
 - Support expenses increased by \$4,714,006. The vast majority of this increase was due to additional expenses related to the District’s participation in PERA. See Note 8 and 9 for additional information.

Financial Analysis of the District’s Funds

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, unrestricted fund balance may serve as a useful measure of the District’s net resources available for spending at the end of the fiscal year.

As of the end of FY 2018, the District’s governmental funds reported a combined ending fund balance of \$19,422,286. This is an increase of \$696,305 or 3.7%. The primary cause of the fund balance increase was a \$267,840 increase in General Fund balance and also a \$347,333 increase in Nonmajor Governmental Funds Balance. The increase in General Fund Balance was mainly due to increased specific ownership tax revenues and increased property tax revenues. Nonmajor Fund Balances have increased largely as a result of accumulation of resources in the Building Reserve Fund.

General Fund – The General Fund is the major operating fund of the District, providing the majority of the resources for the educational and support programs. Revenues for the General Fund totaled \$54,044,087 in fiscal year 2017-2018, an increase of \$2,492,437 or 4.83% over fiscal year 2016-2017.

Table 3 – General Fund Revenues by Source

	<u>FY 2017-18</u>	<u>FY 2016-17</u>	<u>Amount of Change</u>	<u>Percentage of Change</u>
REVENUES				
Property Taxes	\$ 15,565,225	\$ 14,984,883	\$ 580,342	3.87%
Specific Ownership Taxes	2,881,378	2,613,971	267,407	10.23%
State of Colorado				
State Equalization	32,978,384	31,369,002	1,609,382	5.13%
Other	1,165,632	1,040,782	124,850	12.00%
Other Sources:				
Investment Income	97,118	63,156	33,962	53.77%
Other Local Sources	1,356,350	1,479,856	(123,506)	(8.35%)
Total Revenues	<u>\$ 54,044,087</u>	<u>\$ 51,551,650</u>	<u>\$ 2,492,437</u>	<u>4.83%</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Revenues

State Equalization and property taxes accounted for most of the District's total revenue, with each contributing 61% and 29% respectively of every dollar raised (see Table 4). An additional 5% of revenues were contributed from specific ownership taxes, with the remainder being derived from other local sources and investment earnings.

State Equalization – State equalization revenue for pre-kindergarten through 12th grade education is the primary revenue source for the General Fund, providing 61% of total revenue. Payments are received monthly at generally 1/12th of the annual State estimated revenue. State equalization revenues increased by 5.13% in fiscal year 2017-2018 compared to fiscal year 2016-2017. The State was able to provide funding for student enrollment growth and inflation for the 2017-2018 school year.

Property Taxes – Property tax revenues in the General Fund increased by 3.87% or \$580,342 in fiscal year 2017-2018 compared to fiscal year 2016-2017. The 2017-2018 General Fund property tax revenues were based upon a levy of 31.236 mills applied against an assessed valuation of \$498,158,870. The 2016-2017 mill levy was 32.073 mills applied against an assessed valuation of \$466,454,720. 2018 property taxes included 8.030 mills for an override mill levy first passed in 1999, compared to 8.575 mills for the 2017 override mill levy. Including property and specific ownership taxes, local property taxpayers provide 34.1% toward funding public education in the District based on the total mill levy.

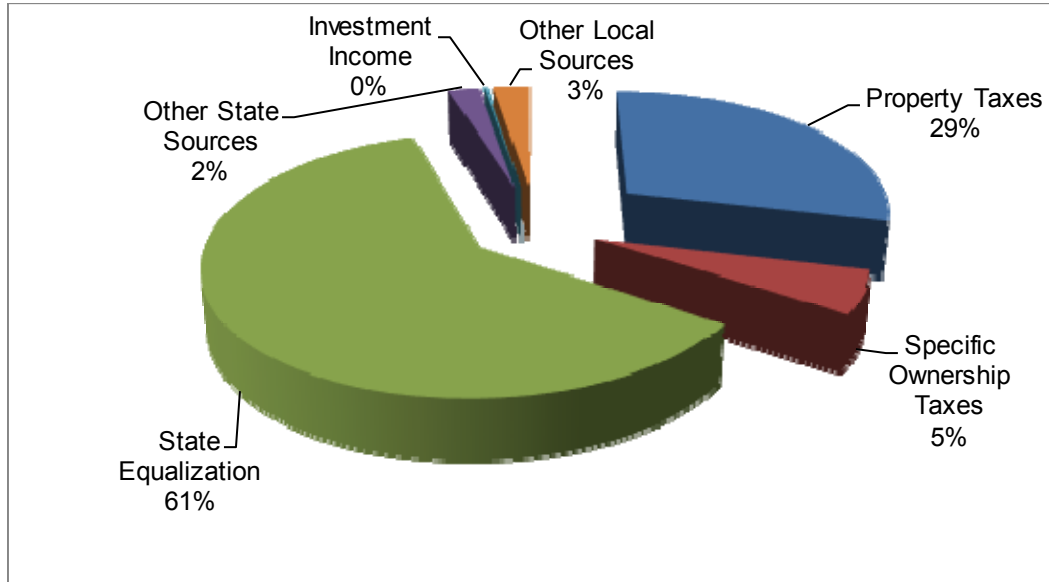
Specific Ownership Taxes – Specific ownership tax is applied to the fair value of vehicles registered in Colorado. The tax is collected when vehicle owners renew their vehicle registrations each year. The 10.23% increase in specific ownership tax collections to \$2,881,378 reflects a net increase in the collective fair value of vehicles registered in fiscal year 2017-2018 as compared to the prior fiscal year. Collections reached \$2,594,557 in 2007, and dropped annually to a low of \$2,022,860 in 2012, resulting in a decrease in revenues of \$571,697 annually. A \$280,356 or 13.86% increase in revenues from 2012 to 2013 indicated a significant one year shift; 2014 and 2015 saw little movement in revenues, while 2016 results show an additional 5.22% increase or \$119,699. The 2017 increase of \$202,507 was a significant increase, but the 2018 increase of \$267,407 brings specific ownership tax revenues to its highest level at \$2,881,378.

Other State Sources – Other State sources consist of special education revenue and other miscellaneous State revenues received. These revenues increased by \$123,506 due primarily to an increase of \$69,888 in Exceptional Children's Education Act funding.

Other Sources – Other sources of revenue consist of investment income, activity fees, charter school buyback revenues and a variety of miscellaneous revenue sources. Other local sources of revenue decreased by \$123,506, primarily due to a decrease in E-Rate funding due related to the timing of application approvals.

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Table 4 – General Fund Revenues by Source



Expenditures

Expenditures reported by the General Fund increased by \$2,668,261 or 5.22% to \$53,776,247 for FY 2018, up from \$51,107,986 for FY 2017. Much of the increase is attributable to the \$1.3 million increase in instructional costs and the \$1.6 million increase in support costs; these were offset by a decrease in allocations to Capital Reserve Fund of \$285,000 and the Transportation Fund of \$35,000.

Table 5 – General Fund Expenditures by Function

	<u>FY 2017-18</u>	<u>FY 2016-17</u>	<u>Amount of Change</u>	<u>Percentage of Change</u>
EXPENDITURES				
Instruction	\$ 31,474,749	\$ 30,152,987	\$ 1,321,762	4.38%
Support:				
Student	2,633,513	2,502,819	130,694	5.22%
Instructional Support	2,789,162	2,427,324	361,838	14.91%
General Administration	848,621	792,982	55,639	7.02%
School Administration	2,870,256	2,817,752	52,504	1.86%
Business	668,707	595,158	73,549	12.36%
Operations and Maintenance	6,078,544	5,856,557	221,987	3.79%
Student Transportation	79,059	83,571	(4,512)	(5.4%)
Central	3,151,336	2,376,536	774,800	32.60%
Allocations:				
Transportation	1,500,000	1,535,000	(35,000)	(2.28%)
Capital Reserve	1,550,000	1,835,000	(285,000)	(15.53%)
Pupil Activities	132,300	132,300	-	0.00%
 Total Expenditures	 <u>\$ 53,776,247</u>	 <u>\$ 51,107,986</u>	 <u>\$ 2,668,261</u>	 <u>5.22%</u>

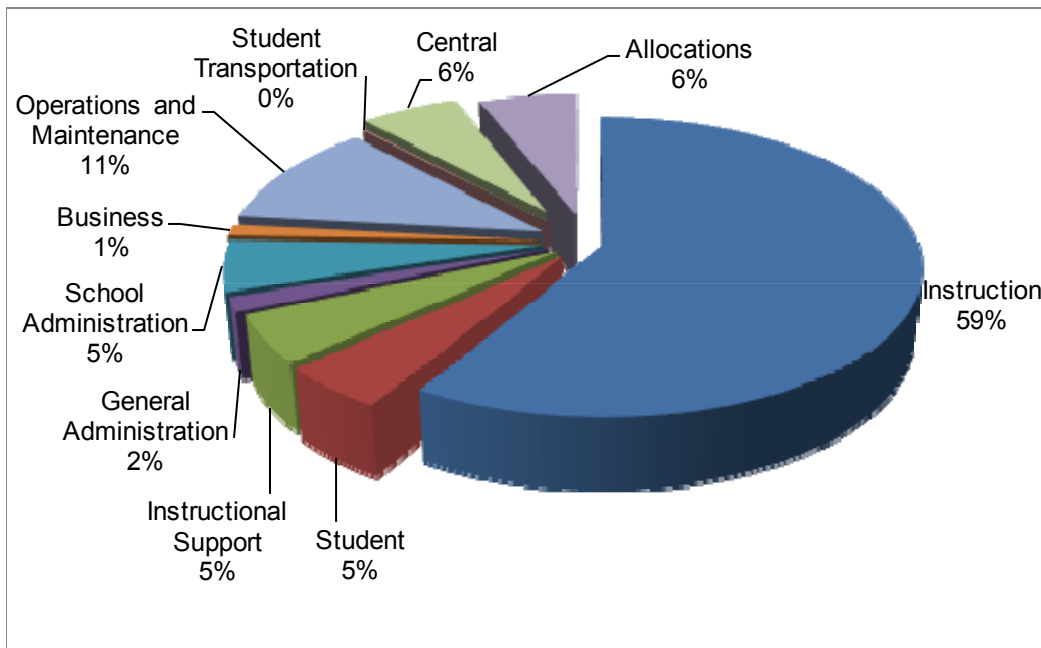
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Instruction – Instruction expenditures for fiscal year 2017-2018 are 4.38% higher than fiscal year 2016-2017. The increase is due primarily to an increase in salary and benefit costs related to student enrollment growth and inflationary compensation increases.

Supporting Services – Combined supporting services expenditures for fiscal year 2017-2018 increased from \$17,452,699 to \$19,119,198, an increase of \$1,666,499 or 9.5% from fiscal year 2016-2017. This was primarily the result of increased expenditures in the areas of Instructional Support, Operations and Maintenance, and Central Support. Instructional Support expenditure increases were related to compensation and staff increases, while operations and maintenance increased expenditures were related to project and utility cost increases. Central Support expenditure increases were related to the purchase of technology assets in preparation for the 2018-2019 school year.

Allocations – The decrease in expenditures of \$320,000 or 9.1% is primarily due to a decrease in transfers to the Capital Reserve Fund of \$285,000.

Table 6 – General Fund Expenditures by Function



Note: Charter School Expenditures are a subset of Instructional Expenditures.

Bond Redemption Fund

The Bond Redemption Fund is used to service the long-term debt not being financed by the Capital Reserve or other funds. The primary revenue source for the Bond Redemption Fund is a voter approved mill levy, which was 13.415 mills for the 2017-2018 year. This generated a revenue of \$6,679,376. These funds will be used to satisfy principal and interest requirements on the District's general obligation debt. The Bond Redemption Fund expenditures primarily reflect principal and interest expenditures on the District's general obligation debt.

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Non-major Governmental Funds

Information for non-major governmental funds is aggregated and reported as other governmental funds on the statement of revenues, expenditures, and changes in fund balances for governmental funds. Further detail by fund is reported as part of the other supplementary information section of this report. Included in the District's non-major governmental funds are:

Special Revenue and Capital Project Funds

A summary of revenues, other financing sources, and expenditures for the non-major Special Revenue and Capital project funds for fiscal year 2017-2018 follows:

Table 7 – Summary of Special Revenue Fund Activity

Nonmajor Special Revenue and Capital Project Funds	Revenue	Other Financing Sources	Expenditures	Net Change in Fund Balance
Food Service Fund	\$ 1,745,110	\$ -	\$ 1,645,493	\$ 99,617
Designated Grants Fund	1,847,797	-	1,847,797	-
Pupil Activity Fund	387,778	132,300	473,286	46,792
Transportation	783,868	1,500,000	2,309,940	(26,072)
Capital Reserve Fund	30,810	1,550,000	1,602,154	(21,344)
Building Reserve Fund	248,340	-	-	248,340
Total Revenue, Other Financing Sources and Expenditures	<u>\$ 5,043,703</u>	<u>\$ 3,182,300</u>	<u>\$ 7,878,670</u>	<u>\$ 347,333</u>

Food Service Fund

The Food Service Fund revenues come from charges to users throughout the District and reimbursement for meal expenses under the Federal Child Nutrition Act. Fiscal year 2017-2018 revenues totaled \$1,745,110. Expenditures totaled \$1,645,493. Fund balance increased by \$99,617. The fund balance increase was primarily related to increased food service lunch revenues.

Grants Fund

The Grant Fund is used to account for the revenues and expenditures of specific local, state, and federal grant awards. Revenues for the 2017-2018 school year totaled \$1,847,797 compared to \$1,482,835 for the 2016-2017 school year. This increase in revenues of \$364,959 or 24.6% is primarily the result of funding from the State's Best Grant program for capital maintenance and construction. The large majority of revenues and expenditures are the result of federal funding directed towards special needs students and students identified as at risk due to poverty.

Pupil Activity Fund

The Pupil Activity Fund is used to account for the various athletic activities of the district. The primary sources of funding are fees and admission fees. The fund balance increased by \$46,792 for the year with \$520,078 in revenues/other financing sources and \$473,286 in expenditures.

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(UNAUDITED)**

Transportation Fund

The Transportation Fund is used to account for revenues and expenditures related to transporting students. Revenues for the year totaled \$783,868 including \$260,993 provided from fees for services and \$522,875 provided from the State as partial reimbursement for expenditures. Other Financing Sources included transfers from the General Fund of \$1,500,000. Expenditures totaled \$2,309,940. As a result, fund balance decreased by \$26,072.

Capital Reserve Fund

Total revenues for the Capital Reserve Fund, including transfers from the General Fund and other financing sources, amounted to \$1,580,810 while expenditures totaled \$1,602,154. The resulting net decrease in fund balance of \$21,344 lowered the June 30, 2018 fund balance, which is committed to capital projects.

Building Reserve Fund

The Building Reserve Fund is a Capital Projects Fund. Revenue for fiscal year 2017-2018 was a total of \$248,340, consisting of cash in lieu of land fees. The overall fund balance increased by this amount, making an ending fund balance of \$982,116.

Fiduciary Funds

The Fiduciary Fund is not reported in the District-wide financial statements. The Pupil Activity Agency Fund is used to account for assets held by the District in trustee capacity or as an agent for individuals, private and student groups. The District was trustee for funds in the amount of \$1,789,775 on June 30, 2018.

General Fund Budgetary Highlights

The original fiscal year 2017-2018 budget adopted by the Board of Education for the District's General Fund included total appropriations of \$53,683,093.

The final budget adopted by the Board of Education for the General Fund included revenues of \$53,222,093. The District's General Fund actual revenues totaled \$54,044,087, 1.43% favorable to budgeted revenues.

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(UNAUDITED)**

Table 8 – General Fund Budget vs. Actual Revenue

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to Final</u>
REVENUES				
Property Taxes	\$ 15,468,451	\$ 15,468,451	\$ 15,565,225	\$ 96,774
Specific Ownership Taxes	2,455,969	2,455,969	2,881,378	425,409
State of Colorado:				
State Equalization	33,699,000	33,153,000	32,978,384	(174,616)
Other	949,782	1,034,782	1,165,632	130,850
Other Sources:				
Investment Income	48,159	48,159	97,118	48,959
Other Local Sources	1,061,732	1,061,732	1,356,350	294,618
Totals	<u>\$ 53,683,093</u>	<u>\$ 53,222,093</u>	<u>\$ 54,044,087</u>	<u>\$ 821,994</u>

Table 9 – General Fund Budget vs. Actual Expenditures

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to Final</u>
EXPENDITURES				
Instruction	\$ 31,581,001	\$ 32,177,338	\$ 31,474,749	\$ 702,589
Support:				
Student	2,793,331	2,710,560	2,633,513	77,047
Instructional Support	2,837,361	2,807,387	2,789,162	18,225
General Administration	702,560	892,575	848,621	43,954
School Administration	2,797,959	2,861,256	2,870,256	(9,000)
Business Services	490,178	565,818	668,707	(102,889)
Operations and Maintenance	5,704,445	5,863,727	6,078,544	(214,817)
Student Transportation	83,296	83,296	79,059	4,237
Central Support	2,431,845	2,702,865	3,151,336	(448,471)
Community Services	6,136	6,136	-	6,136
Allocations:				
Transportation	1,500,000	1,500,000	1,500,000	-
Capital Reserve	1,550,000	1,550,000	1,550,000	-
Pupil Activity	132,300	132,300	132,300	-
Totals	<u>\$ 52,610,412</u>	<u>\$ 53,853,258</u>	<u>\$ 53,776,247</u>	<u>\$ 77,011</u>

The General Fund final budget to actual variance was \$77,011 or 0.14% under final budgeted expenditures. The most significant positive variances were in Instructional expenditures and Instructional Support expenditures. The Instructional expenditure variance was largely due to supply and salary expenditures. Many schools held back on supply expenditures, choosing instead to save funds towards significant technology and instructional purchases via requests for budget carryover. The Instructional Support variance was primarily the result of favorable compensation variances related to lower than anticipated position fill rates and compensation rates for staff members in these areas.

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(UNAUDITED)**

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2018 amounted to \$87,581,002 (net of accumulated depreciation of \$61,035,305). This investment in capital assets includes land, buildings, improvements, machinery and equipment. This is a decrease of \$1,302,743 from June 30, 2017 total balances. This decrease is due to net depreciation increases of \$2,538,516 offset by capital additions totaling \$1,610,147. Capital additions in fiscal year 2018 include \$681,457 in buildings and improvement, \$456,922 in site improvements, and \$409,392 in transportation equipment and other equipment. The majority of building improvement additions include the capitalization of a roof replacement for Palmer Lake Elementary School, the capitalization of synthetic turf replacement for site improvements, and transportation equipment additions including school buses and maintenance support vehicles.

Table 10 – Capital Asset Summary

<u>Capital Assets</u>	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Land and Site Improvements	\$ 9,311,367	\$ 9,328,017
Buildings and Improvements	130,710,182	129,555,153
Transportation and Equipment	8,594,758	8,497,364
Less Accumulated Depreciation	(61,035,305)	(58,496,789)
Total	<u>\$ 87,581,002</u>	<u>\$ 88,883,745</u>

Additional information on the District's capital assets can be found in Note 4 of this report.

Long Term Debt. At the end of the current fiscal year, the District had total long-term debt outstanding of \$62,905,047 including \$5,438,163 due within the next twelve months. Of this amount, \$54,900,000 is general obligation bonded debt backed by the full faith and credit of the District, which has \$5,846,167 of unamortized bond premium.

Table 11 – Debt Summary

GOVERNMENTAL ACTIVITIES	<u>2018</u>	<u>2017</u>
General Obligation Bonds	\$ 60,735,632	\$ 65,478,408
Service Bonus	452,778	608,701
Accrued Compensated Absences	1,716,637	999,083
Totals	<u>\$ 62,905,047</u>	<u>\$ 67,086,192</u>

As of June 30, 2018, the District's total long-term debt was 12.6% of the assessed valuation of \$498,158,880.

The District maintains an Aa2 rating through the Colorado State Intercept Program, and underlying ratings of AA- from Standard and Poor's and Aa2 from Moody's.

Please refer to Note 5 for additional details concerning the District's debt.

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(UNAUDITED)**

Economic Factors Affecting Financial Condition and Next Year's Budget

At the time of the preparation of these financial statements, the District was aware of existing circumstances that could significantly affect its financial future:

- The District's enrollment increased for the 2018-2019 school year when compared to the 2017-2018 school year by approximately 195 students, or 2.9%. The District is funded by the State of Colorado based on the number of students enrolled. In general, kindergarten classes have been approximately one-half the size of that year's graduating class. Growth generally occurs at the upper elementary through the ninth grade level. The District hired additional teachers to ensure class sizes remained consistent with budgeted levels.
- The State of Colorado increased funding by \$455 per student for the 2018-2019 school year as compared to the prior year. Long-term economic forecasts indicate that the State will not have funds needed to fund inflationary increases for K-12 public schools.
- The State of Colorado administers cost-sharing multiple-employer pension and health care trusts for public employees (Colorado PERA). The District is a member as detailed in Notes 8 and 9 of this document. The trust is funded at 61% of required distributions as of the 2017 Colorado PERA CAFR. In 2018, the state enacted legislation designed to fully fund the school division of the trust over the next 30 years. The liabilities related to this plan have historically increased benefit costs for the district. This trend is projected to continue.
- The district has two ballot questions on the November 2018 ballot. One ballot question would add \$1 million annually to the district's operating budget through Mill Levy Override funding for the next seven years. These funds would be used to enhance safety for students. Funds would be directed towards physical security, student well-being and training. A \$36.5 million question is also on the ballot. It would provide funds for a 650 student elementary school in the south west part of the school district.
- Experts continue to indicate that the State of Colorado has a structural imbalance in its revenue and related funding needs. For additional information regarding this please refer to the Transmittal letter as well as the 2018-2019 District Budget. Increased costs in Medicaid and constitutional school funding requirements are predicted to outstrip revenues materially over the next decade. The Board of Education continues to review the situation and plan toward this as one of many possibilities.
- Assessed valuation is projected to increase by \$15 million or 3% for 2018 when compared to El Paso County's 2017 valuations. This will move the District's Net Assessed Valuation from \$498,158,870 to \$513,281,010. This increase in assessed valuation is primarily related to increases in residential property assessment due to increased home property values and new residential construction.
- The District continues to rank in the top performing school districts in the State based upon State standardized tests. In 2010, the Colorado Department of Education began accrediting school districts in the top 7 – 12% of the State as "accredited with distinction". The District has earned this ranking from 2010 through 2018.

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(UNAUDITED)**

- The NAMM Foundation named the community as a 2018 Best Communities for Music Education. The National Association of Music Merchants acknowledges schools and districts across the United States for the commitment to and support of music education. Lewis-Palmer Schools have long been recognized for excellence in music education at all levels.
- The District has long been known as a premier district in the State. A 2017 survey conducted by the Town of Monument found that Lewis-Palmer School District is the primary reason families relocate to the community.

REQUESTS FOR INFORMATION

This financial report is designed to provide the District’s citizens, taxpayers, customers, investors and creditors with a general overview of Lewis-Palmer School District’s finances. If you have questions about this report or need additional financial information, contact the Office of the Assistant Superintendent, PO Box 40, 146 Jefferson Street, Monument, CO 80132.

BASIC FINANCIAL STATEMENTS

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government Governmental Activities	Component Unit Charter School
ASSETS		
Cash and Investments	\$ 23,511,368	\$ 2,515,365
Restricted Cash and Investments	-	1,493,442
Receivable:		
Accounts Receivable	508,717	32,524
Taxes Receivable	852,866	-
Intergovernmental	734,721	-
Inventories	213,847	-
Capital Assets, Not Being Depreciated	9,311,367	718,527
Capital Assets, Net of Accumulated Depreciation	<u>78,269,635</u>	<u>9,205,167</u>
Total Assets	<u>113,402,521</u>	<u>13,965,025</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Outflows	57,980,255	9,266,931
Deferred OPEB Outflows	210,272	59,935
Loss on Refunding of Debt	<u>2,383,034</u>	<u>1,854,900</u>
Total Deferred Outflows of Resources	<u>60,573,561</u>	<u>11,181,766</u>
LIABILITIES		
Accounts Payable	997,522	194,553
Accrued Liabilities	4,659,876	497,992
Accrued Interest Payable	203,566	135,160
Unearned Revenue	443,983	63,782
Long-Term Liabilities:		
Due within One Year	5,438,163	390,000
Due in More than One Year	57,466,884	13,276,877
Net OPEB Liability	4,529,395	633,522
Net Pension Liability	<u>198,346,512</u>	<u>27,742,551</u>
Total Liabilities	<u>272,085,901</u>	<u>42,934,437</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Inflows	8,628,961	1,134,427
Deferred OPEB Inflows	<u>75,776</u>	<u>10,599</u>
Total Deferred Inflows of Resources	<u>8,704,737</u>	<u>1,145,026</u>
NET POSITION		
Net Investment in Capital Assets	29,228,404	(927,889)
Restricted for Debt Service	6,227,892	304,478
Restricted for Repairs and Maintenance	-	120,225
Restricted for Building Reserves	982,116	-
Restricted for Food Services	711,982	-
Restricted for TABOR	1,663,192	219,202
Unrestricted	<u>(145,628,142)</u>	<u>(18,648,688)</u>
Total Net Position	<u>\$ (106,814,556)</u>	<u>\$ (18,932,672)</u>

See accompanying Notes to Financial Statements.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Charter School
Primary Government						
Government Activities						
Instruction	\$ 57,919,925	\$ 1,513,999	\$ 2,898,623	\$ -	\$ (53,507,303)	\$ -
Supporting Services	38,176,923	1,364,477	1,368,669	-	(35,443,777)	-
Interest on Long-Term Debt	2,120,498	-	-	-	(2,120,498)	-
Total Government Activities	98,217,346	2,878,476	4,267,292	-	(91,071,578)	-
Component Unit						
Charter School	\$ 13,273,166	\$ 456,040	\$ 80,060	\$ 240,774	-	(12,496,292)
GENERAL REVENUES						
					22,218,779	-
					2,881,378	-
					32,978,384	6,644,417
					101,791	21,686
					415,244	81,700
					<u>58,595,576</u>	<u>6,747,803</u>
CHANGE IN NET POSITION					(32,476,002)	(5,748,489)
Net Position - Beginning Balance, as Restated					<u>(74,338,554)</u>	<u>(13,184,183)</u>
NET POSITION - ENDING					<u>\$ (106,814,556)</u>	<u>\$ (18,932,672)</u>

See accompanying Notes to Financial Statements.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018

ASSETS	General	Bond Redemption	Nonmajor Governmental Funds	Total
ASSETS				
Cash and Investments	\$ 14,847,679	\$ 6,615,686	\$ 2,048,003	\$ 23,511,368
Accounts Receivable	437,388	-	71,329	508,717
Taxes Receivable	670,206	182,660	-	852,866
Grants Receivable	-	-	734,721	734,721
Due from Other Funds	1,894,222	-	1,541,928	3,436,150
Inventories	160,222	-	53,625	213,847
Total Assets	<u>\$ 18,009,717</u>	<u>\$ 6,798,346</u>	<u>\$ 4,449,606</u>	<u>\$ 29,257,669</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 690,761	\$ -	\$ 306,761	\$ 997,522
Accrued Salaries and Benefits	4,297,046	-	362,830	4,659,876
Due to Other Funds	2,104,998	366,888	964,264	3,436,150
Unearned Revenues	27,090	-	416,893	443,983
Total Liabilities	<u>7,119,895</u>	<u>366,888</u>	<u>2,050,748</u>	<u>9,537,531</u>
 DEFERRED INFLOWS OF RESOURCES				
Unavailable Property Tax Revenues	201,891	95,961	-	297,852
Total Deferred Inflows of Resources	<u>201,891</u>	<u>95,961</u>	<u>-</u>	<u>297,852</u>
 FUND BALANCES				
Nonspendable Inventories	160,222	-	53,625	213,847
Restricted for:				
Debt Service	-	6,335,497	-	6,335,497
Food Services	-	-	658,357	658,357
Building Reserve	-	-	982,116	982,116
TABOR Reserve	1,663,192	-	-	1,663,192
Committed to:				
Budget Carryovers	500,000	-	-	500,000
Retirement Payments	579,360	-	-	579,360
Capital Projects	-	-	305,556	305,556
Pupil Activities	-	-	273,003	273,003
Assigned to:				
Transportation	-	-	126,201	126,201
Unassigned	7,785,157	-	-	7,785,157
Total Fund Balances	<u>10,687,931</u>	<u>6,335,497</u>	<u>2,398,858</u>	<u>19,422,286</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 18,009,717</u>	<u>\$ 6,798,346</u>	<u>\$ 4,449,606</u>	<u>\$ 29,257,669</u>

See accompanying Notes to Financial Statements.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total Governmental Fund Balance	\$ 19,422,286
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	87,581,002
Property taxes and other revenues - Revenues that do not provided current financial resources are unavailable on the governmental fund financial statements but recognized on the government-wide financial statements.	297,852
Long-term liabilities, including bonds payable, certification of participation, compensated absences, other postemployment benefits, and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds Payable	(54,900,000)
Premium on Bond Issuance	(5,835,632)
Compensated Absences	(1,716,637)
Service Bonus	(452,778)
Accrued Interest Payable	(203,566)
Net Pension Liability	(198,346,512)
Net OPEB Liability	(4,529,395)
Loss on bond refunding not available to pay current expenditures and, therefore, classified as deferred outflow of resources in the funds:	
Loss on Bond Refunding	2,383,034
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Related to Pension	57,980,255
Related to OPEB	210,272
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Related to Pension	(8,628,961)
Related to OPEB	(75,776)
	<u>(106,814,556)</u>
Net Position of Governmental Activities	<u>\$ (106,814,556)</u>

See accompanying Notes to Financial Statements.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>General</u>	<u>Bond Redemption Services</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
Local Sources	\$ 19,900,071	\$ 6,679,376	\$ 2,400,161	\$ 28,979,608
State Sources	34,144,016	-	949,634	35,093,650
Federal Sources	-	-	1,655,112	1,655,112
Other	-	-	38,796	38,796
Total Revenues	<u>54,044,087</u>	<u>6,679,376</u>	<u>5,043,703</u>	<u>65,767,166</u>
EXPENDITURES				
Current:				
Instruction	31,474,749	-	1,635,208	33,109,957
Supporting Services	18,413,299	-	4,536,192	22,949,491
Capital Outlay	705,899	-	1,707,270	2,413,169
Debt Service:				
Principal	-	3,965,000	-	3,965,000
Interest and Fiscal Charges	-	2,633,244	-	2,633,244
Total Expenditures	<u>50,593,947</u>	<u>6,598,244</u>	<u>7,878,670</u>	<u>65,070,861</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,450,140	81,132	(2,834,967)	696,305
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	3,182,300	3,182,300
Transfers Out	(3,182,300)	-	-	(3,182,300)
Total Other Financing Sources (Uses)	<u>(3,182,300)</u>	<u>-</u>	<u>3,182,300</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	267,840	81,132	347,333	696,305
Fund Balances - Beginning	<u>10,420,091</u>	<u>6,254,365</u>	<u>2,051,525</u>	<u>18,725,981</u>
FUND BALANCES - ENDING	<u>\$ 10,687,931</u>	<u>\$ 6,335,497</u>	<u>\$ 2,398,858</u>	<u>\$ 19,422,286</u>

See accompanying Notes to Financial Statements.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

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

Net Change in Fund Balances of Governmental Funds	\$ 696,305
<p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense exceeded capital outlay in the current year.</p>	
Capital Outlay	1,610,147
Depreciation Expense	(2,912,890)
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:</p>	
Payment of Principal Includes:	
Debt Payments	3,965,000
Amortization of Deferred Loss on Refunding	(280,525)
Amortization of Bond Premium/Discount	777,776
Accrued Interest	15,496
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in government funds.</p>	
Earned but Unavailable Revenue	(25,822)
<p>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. The (increase) decrease in these activities consist of the following:</p>	
Accrued Compensated Absences	(717,554)
Service Bonus	155,923
OPEB Expense	202,515
Pension Expense	(35,962,373)
Change in Net Position of Governmental Activities	<u>\$ (32,476,002)</u>

See accompanying Notes to Financial Statements.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2018

	<u>Agency Fund</u>
ASSETS	
Cash and Investments	\$ 1,789,775
Accounts Receivable	614,793
Total Assets	<u>2,404,568</u>
LIABILITIES	
Accounts Payable	792,105
Due to Student Groups	1,612,463
Total Liabilities	<u>\$ 2,404,568</u>

See accompanying Notes to Financial Statements.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The El Paso County School District #38 - Lewis-Palmer (the District) was consolidated in 1949. The District provides educational services to the residents of the northern section of El Paso County, Colorado. The District is governed by a five-member Board of Education.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental entities. 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. 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 and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on, the District.

Based upon the application of this criteria, the District includes the Monument Academy Charter School (the School) within its reporting entity. The School is a public school authorized by State statutes to provide alternatives for parents, pupils and teachers. The School is fiscally dependent on the District and its exclusion would render the District's financial statements incomplete. Since the School has a separately elected board, the balances and transactions of the School are discretely presented in the financial statements. Separate financial statements for the School may be obtained by contacting the School at 1150 Village Ridge Point, Monument, Colorado 80132.

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 nonfiduciary activities of the District and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported in a single column. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the District is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment 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.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Separate financial statements are provided for the governmental funds and the fiduciary funds, even though the latter are excluded from the District's government-wide financial statements. Major individual governmental and proprietary funds are reported in 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*. Revenues are recorded when earned and expenses are recorded when a 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. The agency fund financial statements are reported using 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 grant revenues to be available if they are collected within 180 days of the end of the current year. Property taxes and other revenues are considered available if collected within 60 days of year-end.

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.

When both restricted and unrestricted resources are available for use, it is the District's policy 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 required to be accounted for in another fund.

The *Bond Redemption Fund* accounts for property taxes and other revenues restricted for the payment of long-term debt obligations.

Additionally, the District reports the following funds:

The *Grants Fund (special revenue fund)* is used to account for the proceeds of specific revenue sources that are restricted to expenditure for specific purposes other than debt services or capital projects.

The *Pupil Activity Fund (special revenue fund)* is used to account for the revenues and expenditures of sponsoring athletic events at the District's schools.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Transportation Fund (special revenue fund)* is used to account for the revenues and expenditures of providing transportation for the students of the District.

The *Capital Reserve (capital projects fund)* is used to accumulate resources, for the acquisition, renovation and maintenance of capital assets.

The *Building Reserve Fund (capital projects fund)* is used to account for and report financial resources that are restricted to expenditures of capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The *Food Service Fund (special revenue fund)* accounts for the financial activities associated with the District's breakfast and lunch program.

The *Agency Fund* is used to account for each school's student and fundraising activities. The District holds all resources in a purely custodial capacity.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances/Net Position

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. All investments are reported at fair value.

Accounts Receivable

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

Interfund Receivables/Payables

Receivables and payables between individual funds are classified in the fund financial statements as *due to* and *due from*.

Inventories

Materials and supplies inventories are stated at average cost. Food Service Fund inventories consist of purchased and donated commodities. Donated inventories, received at no cost under a program supported by the federal government, are valued based upon the acquisition value provided by the federal government. General Fund inventory consist of janitorial, education, and fuel supplies.

Inventories are recorded as an asset when individual items are purchased and as an expenditure when consumed.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include land, site improvements, buildings and improvements, transportation equipment, and other equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District 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 estimated acquisition value at the date of donation. Capital outlay from the statement of revenues, expenditures, and changes in fund balance in excess of what is capitalized on the statement of net position is charged to support services of the governmental activities.

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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings	50 Years
Improvements	20 Years
Transportation Equipment	10 Years
Other Equipment	3 to 15 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, are reflected as a liability in the financial statements.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. One item that qualifies for reporting in this category is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District refundings have resulted in deferred outflows of resources of \$2,383,034. See Notes 8 and 9 for deferred pension and OPEB outflows of resources.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Under Colorado law, all property taxes become due and payable in the calendar year following that in which they are levied. The District's property tax calendar for 2018 is as follows:

Tax Year

Beginning of fiscal year for taxes

- January 1

Assessed valuation initially certified by County Assessor

- August 25

Property tax levy by Board of Education for ensuing calendar year

- December 10

Tax levy certified to County Commissioners

- December 15

County Commissioners certify levy to County Treasurer

- January 10

Collection Year

Mailing of tax bills (lien date)

- January 1

First installment due

- February 28

Taxes due in full (unless installments elected by taxpayer)

- April 30

Second installment due

- June 15

As the taxes were not fully collected within the District's period of availability, the District has deferred inflows of resources from property tax collection at June 30, 2018, in the amount of \$297,852. Property taxes are remitted to the District by the El Paso County Treasurer by the tenth of the month following collections by the county, except for the months of March, May, and June in which the District receives an additional remittance from the El Paso County Treasurer for collections through the twentieth of such months.

Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment and classification. Generally, vacation days for twelve-month employees may only be accrued for one year. Other accrued compensated absences vest after five years of employment and are paid at termination.

These compensated absences are recognized as current salary costs when paid in the governmental funds. A long-term liability has been reported in the government-wide financial statements for the accrued compensated absences.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Service Bonus

Employees hired before May 1, 1990, and employed with the District for 15 continuous years may receive a service bonus as part of termination benefits. Under this program, the bonus equals between 75% and 100% of the final annual compensation of each employee, and is paid pro rata over five years subsequent to termination. A long-term liability has been reported in the government-wide financial statements for the bonuses earned and accepted.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures/expenses.

Net Pension Liability

The District's governmental activities report a net pension liability as of June 30, 2018. The School is required to report their proportionate share of PERA's unfunded pension liability. See Note 8 for additional information.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) and additions to/deductions from the HCTF's fiduciary net position have been determined on the same basis as they are reported by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

In addition to liabilities, the District's financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. See Note 8 and 9 for the deferred pension and OPEB inflows of resources.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balances

In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. In the fund financial statements, governmental funds report committed fund balances when the Board of Education formally commits resources for a specific purpose through passage of a resolution. The Board of Education has delegated to the Superintendent and Chief Financial Officer the authority to assign fund balances to be used for specific purposes. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, District policy requires restricted fund balance to be used first, followed by committed, assigned, and unassigned balances.

Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact, including items that are not expected to be converted to cash.

Restricted fund balance includes amounts where constraints have been placed on the use of resources by either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Education. Committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of formal action (for example, resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District is presenting budget carryovers in the committed section as the Board approved the resolution during the budget process for school year 2018-2019. Budget carry over relates to schools not spending their full budget or items related to capital project that were not completed in the current year.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education adopted a fund balance policy and as part of the policy delegated the authority to the Superintendent to assign amounts to be used for specific purposes.

Unassigned fund balance represents residual fund balance that has not been restricted, committed or assigned. The General Fund is the only fund that reports a positive unassigned fund balance.

Net position is reported in the governmental activities and is classified as restricted, unrestricted, or net investment in capital assets. Restrictions of net position represent amounts that are not available for appropriation or are legally restricted by outside parties for specific purposes. Net investment in capital assets includes the depreciated value of the capital assets less any associated debt that remains outstanding.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balances (Continued)

The District will maintain a minimum Committed to Contingency General Fund balance of \$3,250,000 for the 2017-2018 fiscal year. The Committed to Contingency Fund balance does not meet the definition of restricted fund balance per GASB Statement 54 and is shown in unassigned fund balance. This is in addition to the emergency 3% reserve required by Article X, Section 20 of the Colorado Constitution (Taxpayer's Bill of Rights) which is included in the restricted fund balance. This amount will include the emergency reserve of 3% required by the TABOR Amendment (See Note 10).

Budgetary Information

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

1. Within the fourth quarter of the fiscal year, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings and citizen reviews are conducted at special meetings and at regular Board of Education meetings to obtain taxpayer comments.
3. Prior to June 30, the budget is legally adopted by the Board of Education.
4. Formal budgetary integration is employed as a management control device during the year for all funds.
5. The District issues a separate budget document after it is approved by the Board of Education.

Colorado Budget Law requires that all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. Where applicable, the Board of Education includes available fund balance in the amount appropriated in the annual Appropriations Resolution.

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted 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 and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2018 follows:

Cash on Hand	\$ 8,305
Deposits	18,677,152
Investments	6,615,686
Total	<u>\$ 25,301,143</u>

Cash and investments are reported in the government-wide statement of net position:

Cash and Investments	\$ 23,511,368
Cash Per the Fiduciary Statements of Net Position:	
Fiduciary Fund	1,789,775
Total	<u>\$ 25,301,143</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 deposits are with eligible public depositories and are considered to be held in the name of the District.

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

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices; Level 3 inputs are significant unobservable inputs.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of June 30, 2018, the District had the following investments:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Investment Maturities (in Years)</u>		<u>Concentration</u>
		<u>Less than 1</u>	<u>Fair Value</u>	
ColoTrust Plus	AAAm	\$ 6,615,686	\$ 6,615,686	100.00%

At June 30, 2018, the District had \$6,615,686 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust). ColoTrust is 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. ColoTrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. ColoTrust is rated AAAM by Standard and Poor's. Investments of ColoTrust are limited to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. 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. ColoTrust records investments at fair value and the District at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Interest Rate Risk

State statutes generally limit investments to an original maturity of five years unless the governing Board authorizes the investment for a period in excess of five years.

Credit Risk

State statutes limit investments to those with specified ratings, as provided by nationally recognized statistical rating organizations, depending on the investment type.

NOTE 3 INTERFUND BALANCES AND TRANSACTIONS

Interfund receivables and payables and transfers as of and during the year ended June 30, 2018, consisted of the following:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 1,894,222	\$ 2,104,998	\$ -	\$ 3,182,300
Bond Redemption Fund	-	366,888	-	-
Food Service Fund	567,099	-	-	-
Grants Fund	20,202	247,640	-	-
Pupil Activity Fund	222,877	111,842	132,300	-
Transportation Fund	291,435	379	1,500,000	-
Building Reserve Fund	200,000	201,350	-	-
Capital Reserve Fund	240,315	403,053	1,550,000	-
	<u>\$ 3,436,150</u>	<u>\$ 3,436,150</u>	<u>\$ 3,182,300</u>	<u>\$ 3,182,300</u>

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 INTERFUND BALANCES AND TRANSACTIONS (CONTINUED)

The interfund receivables and payables are for reimbursements from the funds responsible for particular expenditures to the funds that initially paid for them.

The General Fund routinely subsidizes the middle and high school activities through transfers to the Pupil Activity Fund, subsidizes transportation costs through transfers to the Transportation Fund, and transfers certain amounts to the Capital Reserve Fund for technology and maintenance costs.

NOTE 4 CAPITAL ASSETS

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

	Balances 6/30/2017	Additions	Transfers	Deletions	Balances 6/30/2018
GOVERNMENTAL ACTIVITIES					
Capital Assets Not Being Depreciated:					
Land	\$ 9,229,830	\$ -	\$ -	\$ -	\$ 9,229,830
Construction in Process	16,650	-	(16,650)	-	-
Site Improvements	81,537	-	-	-	81,537
Total Capital Assets Not Being Depreciated	9,328,017	-	(16,650)	-	9,311,367
Capital Assets Being Depreciated:					
Buildings and Improvements	125,611,698	681,457	16,650	-	126,309,805
Site Improvements	3,943,455	456,922	-	-	4,400,377
Transportation Equipment	5,665,217	409,392	-	(44,295)	6,030,314
Other Equipment	2,832,147	62,376	-	(330,079)	2,564,444
Total Capital Assets Being Depreciated	138,052,517	1,610,147	16,650	(374,374)	139,304,940
Less Accumulated Depreciation for:					
Buildings and Improvements	(50,461,500)	(2,373,093)	-	-	(52,834,593)
Site Improvements	(1,284,440)	(165,093)	-	-	(1,449,533)
Transportation Equipment	(4,528,463)	(203,138)	-	44,295	(4,687,306)
Other Equipment	(2,222,386)	(171,566)	-	330,079	(2,063,873)
Total Accumulated Depreciation	(58,496,789)	(2,912,890)	-	374,374	(61,035,305)
Total Capital Assets, Being Depreciated, Net	79,555,728	(1,302,743)	16,650	-	78,269,635
Governmental Activities Capital Assets, Net	<u>\$ 88,883,745</u>	<u>\$ (1,302,743)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,581,002</u>

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

Governmental Activities:	
Instruction	\$ 2,448,237
Support Services	464,653
Total	<u>\$ 2,912,890</u>

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 LONG-TERM DEBT

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

	<u>Balance at June 30, 2017</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance at June 30, 2018</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds:					
Series 2012B Refunding Bonds	\$ 18,180,000	\$ -	\$ 55,000	\$ 18,125,000	\$ 55,000
Series 2012A Refunding Bonds	28,690,000	-	2,705,000	25,985,000	2,810,000
Series 2001 Refunding Bonds	11,995,000	-	1,205,000	10,790,000	1,280,000
Bond Premiums	6,613,408	-	777,776	5,835,632	733,316
Total General Obligation Bonds	<u>65,478,408</u>	<u>-</u>	<u>4,742,776</u>	<u>60,735,632</u>	<u>4,878,316</u>
Service Bonus	608,701	26,190	182,113	452,778	159,847
Accrued Compensated Absences	999,083	1,184,985	467,431	1,716,637	400,000
Total	<u>\$ 67,086,192</u>	<u>\$ 1,211,175</u>	<u>\$ 5,392,320</u>	<u>\$ 62,905,047</u>	<u>\$ 5,438,163</u>

Compensated absences and service bonus are expected to be liquidated with revenues of the General Fund.

General Obligation Bonds

\$18,440,000 General Obligation Refunding Bonds, Series 2012B, were issued to refund a portion of the General Obligation Bonds, Series 2006. Principal payments are due annually on December 1, through 2029. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 2% to 5%.

\$29,035,000 General Obligation Refunding Bonds, Series 2012A, were issued to refund a portion of the General Obligation Bonds, Series 2006. Principal payments are due annually on December 1, through 2025. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 2% to 5%.

\$18,204,980 General Obligation Refunding Bonds, Series 2001 (\$17,950,000 original issue, \$354,990 capital appreciation), were issued to refund a portion of the General Obligation Bonds, Series 2000. Principal payments are due annually on December 1, through 2024. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 3% to 6%. Principal payments on the capital appreciation bonds were due on December 1, 2011 and 2012.

Bond payments, to maturity, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 4,145,000	\$ 2,442,795	\$ 6,587,795
2020	4,345,000	2,276,995	6,621,995
2021	4,485,000	2,091,642	6,576,642
2022	4,715,000	1,852,333	6,567,333
2023	4,965,000	1,596,358	6,561,358
2023-2027	23,040,000	4,283,781	27,323,781
2028-2030	9,205,000	324,425	9,529,425
Total	<u>\$ 54,900,000</u>	<u>\$ 14,868,329</u>	<u>\$ 69,768,329</u>

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 LONG-TERM DEBT (CONTINUED)

Service Bonus

Service bonus payments, to maturity, are as follows. In addition, the District has two employees eligible to receive a service bonus in the future. The potential liability if these employees accept the service bonus is approximately \$148,775.

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	\$ 159,847
2020	131,426
2021	105,769
2022	41,554
2023	14,182
Total	<u>\$ 452,778</u>

Defeased Debt

In August 2014, the School did an advance payment and deposited funds in an irrevocable trust with an escrow agent to provide for all future debt service payments for \$3,010,000 on the COPs Series 2010A and 2010B. Accordingly, the liability for the defeased debt has been removed from the District's financial statements. The total outstanding balance of the defeased debt at June 30, 2018 was \$3,055,000.

NOTE 6 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 its workers compensation risks. For its general liability risks and risk of property loss or damage, the District participates in the Colorado School Districts Self-Insurance Pool (CSDSIP). There have been no significant changes in the insurance programs from the prior year. For the prior three years, the amount of claims payments for property and liability insurance has not exceeded the amount of insurance coverage.

The CSDSIP is a public entity risk pool currently operating as a common risk management and insurance program with member school districts, Board of Cooperative Educational Services, and charter schools. The District pays an annual premium to the CSDSIP for its property, casualty, and liability insurances. The CSDSIP retains liability losses up to \$750,000 per occurrence and purchases reinsurance coverage of \$9,250,000 per occurrence in excess of the Pool retention. The CSDSIP property insurance policy provides limits up to \$1,000,000,000 per occurrence subject to the Pool retention of \$1,000,000 per occurrence. Flood and earthquake coverage is provided by the CSDSIP has limits of \$100,000,000 per occurrence/aggregate for the entire pool.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 JOINTLY GOVERNED ORGANIZATION

The District, in conjunction with other surrounding districts, created the Pikes Peak Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost. The BOCES Board is comprised of one member from each participating district. During the year ended June 30, 2018, the District contributed \$302,752 to the BOCES. The BOCES financial statements can be obtained at its administrative office located at 4825 Lorna Place, Colorado Springs, Colorado 80915.

NOTE 8 DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

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

General Information about the Pension Plan

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

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided: PERA provides retirement, disability, and survivor benefits. Retirements are determined by the amount of service credit earned and/or purchases, highest average salary, the benefit structure 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% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases, the service retirement benefit is limited to 100% 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% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

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

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

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

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions: Eligible employees of 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% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

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

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF for the District for the year ended June 30, 2018 were \$5,484,505.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018, the District reported a liability of \$198,346,512 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the District's proportion was 0.6133837715%, which was an increase of 0.0066703873 % from its proportion measured as of December 31, 2016.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2018, the District recognized pension expense of \$36,261,053. 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 Expected and Actual Experience	\$ 3,646,757	\$ -
Changes of Assumptions or Other Inputs	50,645,233	321,382
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	7,789,256
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	890,033	518,323
Contributions Subsequent to the Measurement Date	2,798,232	-
Total	\$ 57,980,255	\$ 8,628,961

\$2,798,232 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2019	\$ 31,164,029
2020	18,005,199
2021	314,183
2022	(2,930,349)
2023	-
Thereafter	-

Actuarial Assumptions: The December 31, 2016 actuarial valuation used the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 - 9.70%
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation	7.25%
Discount rate ¹	5.26%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	2.00%
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	
	Financed by the Annual Increase Reserve

¹ The discount rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 4.78% as described below.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 DEFINED BENEFIT PENSION PLAN (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.

The mortality assumption for disabled retirees was based on 90% of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016 valuation 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 PERA's 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 by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

Discount Rate: The discount rate used to measure the total pension liability was 4.7%. 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 member contribution rate as of the measurement date. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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 GASB Statement No. 67 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% on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of December published at the end of each week 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%, resulting in a discount rate of 4.78%.

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

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%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (3.78%) or one percentage-point higher (5.78%) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate Share of the Net Pension Liability	\$ 250,545,379	\$ 198,346,512	\$ 155,810,396

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Changes Between the Measurement Date of the Net Pension Liability and June 30, 2018

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

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

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

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2018, the District reported a liability of \$198,346,512 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 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18- 200 (pro forma)
7.25%	89,611,235

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate the collective net pension liability, approximately \$92,589,391 of the estimated reduction is attributable to the use of a 7.25% discount rate.

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS

General Information about the OPEB Plan

Plan Description

Eligible employees of the District are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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 Division, School Division, Local Government Division and Judicial Division Trust Funds), 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.

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

PERA Benefit Structure

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

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

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$296,275 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$4,529,395 for its proportionate share of the net OPEB liability. 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 the District's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District's proportion was 0.3485222626%, which was an increase of 0.0036591730% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$72,832. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 21,420	\$ -
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	75,776
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	39,652	-
Contributions Subsequent to the Measurement Date	149,200	-
Total	\$ 210,272	\$ 75,776

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

\$149,200 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2019	\$ (6,946)
2020	(6,946)
2021	(6,946)
2022	(6,939)
2023	12,000
Thereafter	1,073

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 % in the aggregate
Long-Term Investment Rate of Return, Net of OPEB Plan	
Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Health Care Cost Trend Rates	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	5.00%
Medicare Part A Premiums	3.00% for 2017, gradually rising to 4.25% in 2023

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.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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:

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

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

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

Healthy, post-retirement mortality assumptions for the 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.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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.

The mortality assumption for disabled retirees was based on 90% 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.
- 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.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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

As of the 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:

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

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

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare Trend Rate	4.00%	5.00%	6.00%
Initial Medicare Part A Trend Rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A Trend Rate	3.25%	4.25%	5.25%
Proportionate Share of the Net OPEB Liability	\$ 4,404,774	\$ 4,529,395	\$ 4,679,493

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. 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.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Based on the above assumptions and methods, the HCTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% 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. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's 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%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease (6.25%)	Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 5,092,464	\$ 4,529,395	\$ 4,048,801

OPEB Plan Fiduciary Net Position

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

NOTE 10 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 entities. 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 but the District believes that disallowed expenditures, if any, will not have a material effect on the overall financial position of the District.

TABOR Amendment

In November 1992, Colorado voters passed an amendment to Article X, Section 20, of the State Constitution (the Amendment) which limits state and local government taxing powers and imposes spending limitations. In November 2000, voters within the District authorized the District to collect, retain, and expend all revenues received in 2000 and any year thereafter. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment.

The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying revenue. At June 30, 2018, the District's reserve, of \$1,663,192, was reported as restricted fund balance in the General Fund.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Litigation

The District is involved in various pending or threatened litigation. The outcome of these matters cannot be predicted at this time.

NOTE 11 COMPONENT UNIT

The District has one discretely presented component unit.

Charter Schools

In 1993, the State of Colorado Legislature enacted the "Charter School Act – Colorado Revised Statutes (CRS) Section 22-30.5-101," which permits the District to contract with individuals and organizations for the operation of charter schools within the District. The charter school is financed by a portion of the District's School Finance Act Revenues (based on student enrollment) and state and federal grants, as well as other revenues generated by the charter school. The District's Board of Education must approve all charter school applications; however, they have their own separate governing boards.

Separately issued financial statements for the District's charter school are available at the address noted below:

Monument Academy, 1150 Village Ridge Point, Monument, CO 80132.

Certain note disclosures for the charter schools are as follows (from its separately-issued audited financial statements):

Significant Accounting Policies

The charter school's financial information included with the District's financial statements represents the government-wide financial statements for the charter school. The government-wide financial statements for the charter school are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Other accounting policies are similar to the District.

Cash and Investments

Cash and investments are reflected on the June 30, 2018 statement of net position as the following:

Cash and Investments Per the Government-Wide

Statement of Net Position

Cash and Deposit	\$ 2,515,365
Restricted Cash and Investments	<u>1,493,442</u>
Total	<u><u>\$ 4,008,807</u></u>

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 COMPONENT UNIT (CONTINUED)

Charter schools are required to comply with State statutes which specify investment instruments meeting defined rating, maturity, custodial and concentration risk criteria in which local governments may invest, which include:

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

As of June 30, 2018, the charter school had the following investments:

<u>Investment</u>	<u>Maturity Less than One Year</u>	<u>Maturity 1 - 5 Years</u>	<u>Maturity 6-10 Years</u>	<u>Standard & Poor's Rating</u>	<u>Total</u>	<u>Concentration</u>
Cavalan Hill Money Market	\$ 1,493,442	\$ -	\$ -	AAAm	\$ 1,493,442	100.0%
Total	<u>\$ 1,493,442</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 1,493,442</u>	<u>100.0%</u>

The School had invested \$1,493,442 in money market accounts with Bank of Arizona. A designated custodial bank provides safekeeping and depository services in connection with these money market accounts. Money market investments are exempt from fair value measurement and are measured at amortized cost.

Capital Assets

Changes in capital assets for the year ended June 30, 2018 are summarized as follows:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
GOVERNMENTAL ACTIVITIES				
Nondepreciable Assets				
Land	\$ 718,527	\$ -	\$ -	\$ 718,527
Total Nondepreciable Assets	718,527	-	-	718,527
Depreciable Assets				
Buildings and Improvements	12,192,061	69,131	-	12,261,192
Equipment	21,319	-	-	21,319
Total Depreciable Assets	12,213,380	69,131	-	12,282,511
Less Accumulated Depreciation				
Buildings and Improvements	(2,715,508)	(343,324)	-	(3,058,832)
Equipment	(16,380)	(2,132)	-	(18,512)
Total Accumulated Depreciation	<u>(2,731,888)</u>	<u>(345,456)</u>	<u>-</u>	<u>(3,077,344)</u>
Total Capital Assets, Net	<u>\$ 10,200,019</u>	<u>\$ (276,325)</u>	<u>\$ -</u>	<u>\$ 9,923,694</u>

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 COMPONENT UNIT (CONTINUED)

Long-Term Liabilities and Operating Leases

The following is a summary of the School's long-term debt transactions for the year ended June 30, 2018:

	<u>Balance at June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2018</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Compensated Absences	\$ 24,761	\$ 40,782	\$ 36,785	\$ 28,758	\$ -
Building Loans	13,680,000	-	380,000	13,300,000	390,000
Building Loans Premium	353,846	-	15,727	338,119	-
Total	<u>\$ 14,058,607</u>	<u>\$ 40,782</u>	<u>\$ 432,512</u>	<u>\$ 13,666,877</u>	<u>\$ 390,000</u>

During December 2014, the School entered into a refunding transaction whereby the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$14,265,000 Charter School revenue Bonds. The School is obligated under a lease agreement to make monthly payments to the Corporation for the use of the facilities. The School is required to make loan payments to the Trustee for the payment of the bonds. The bonds accrue interest at rates ranging from 3.625% to 5.00% per annum. Interest payments are due semi-annually on April 1 and October 1. Principal payments are due annually on October 1.

The following schedule reflects the debt service requirements to maturity of the School's debt as of June 30, 2018:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 390,000	\$ 540,637	\$ 930,637
2020	400,000	528,938	928,938
2021	415,000	512,937	927,937
2022	435,000	496,338	931,338
2023	450,000	478,937	928,937
2024-2028	2,545,000	2,102,961	4,647,961
2029-2033	3,085,000	1,567,688	4,652,688
2034-2038	3,825,000	822,000	4,647,000
2039-2040	1,755,000	106,000	1,861,000
Total	<u>\$ 13,300,000</u>	<u>\$ 7,156,436</u>	<u>\$ 20,456,436</u>

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 RESTATEMENT OF NET POSITION

For the year ended June 30, 2018, the (Entity) adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB no. 75), which is effective for financial statements beginning after June 15, 2017. GASB No. 75 revises and establishes new financial reporting requirements for most governments that provide postemployment benefits other than pensions (OPEB). GASB No. 75 requires cost-sharing employers participating in the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) to record their proportionate share, as defined in GASB No. 75, of the HCTF's net OPEB liability.

For the District, the effect of implementing this standard was to change how it accounts and reports the net OPEB liability. Implementation of the standard resulted in a restatement of the prior period net position as shown below.

	Governmental Activities	Component Unit	Total
Net Position, June 30, 2017, as Previously Reported	\$ (70,004,138)	\$ (12,616,627)	\$ (82,620,765)
Cumulative Effect of Application of GASB No. 75, Net OPEB Liability	(4,334,416)	(567,556)	(4,901,972)
Net Position, June 30, 2017, as Restated	\$ (74,338,554)	\$ (13,184,183)	\$ (87,522,737)

REQUIRED SUPPLEMENTARY INFORMATION

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Local Sources:				
Property Taxes	\$ 15,468,451	\$ 15,468,451	\$ 15,565,225	\$ 96,774
Specific Ownership Taxes	2,455,969	2,455,969	2,881,378	425,409
Tuition from Individuals	542,280	542,280	707,715	165,435
Rental Income	52,000	52,000	89,361	37,361
Pupil Activities	406,352	406,352	418,506	12,154
Investment Income	48,159	48,159	97,118	48,959
Other	61,100	61,100	140,768	79,668
Total Local Sources	<u>19,034,311</u>	<u>19,034,311</u>	<u>19,900,071</u>	<u>865,760</u>
State Sources:				
State Equalization	33,699,000	33,153,000	32,978,384	(174,616)
Exceptional Children's Education Act (ECEA)	900,610	928,610	997,880	69,270
Other	49,172	106,172	167,752	61,580
Total State Sources	<u>34,648,782</u>	<u>34,187,782</u>	<u>34,144,016</u>	<u>(43,766)</u>
 Total Revenues	 <u>53,683,093</u>	 <u>53,222,093</u>	 <u>54,044,087</u>	 <u>821,994</u>
EXPENDITURES				
Instruction:				
Salaries	17,580,521	17,899,940	17,584,828	315,112
Employee Benefits	5,231,414	5,196,720	5,196,089	631
Purchased Services	7,486,208	7,513,937	7,508,844	5,093
Supplies and Materials	1,272,858	1,556,741	1,184,988	371,753
Capital Outlay	10,000	10,000	-	10,000
Total Instruction	<u>31,581,001</u>	<u>32,177,338</u>	<u>31,474,749</u>	<u>702,589</u>
Supporting Services:				
Students:				
Salaries	2,134,279	2,081,042	2,025,248	55,794
Employee Benefits	641,452	611,918	588,093	23,825
Purchased Services	1,600	1,600	4,785	(3,185)
Supplies and Materials	16,000	16,000	15,387	613
Capital Outlay	-	-	-	-
Total Students	<u>2,793,331</u>	<u>2,710,560</u>	<u>2,633,513</u>	<u>77,047</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2018**

EXPENDITURES (CONTINUED)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Supporting Services (Continued):				
Instructional Staff:				
Salaries	\$ 1,801,462	\$ 1,740,189	\$ 1,676,891	\$ 63,298
Employee Benefits	529,599	500,898	454,380	46,518
Purchased Services	126,143	126,143	206,167	(80,024)
Supplies and Materials	379,307	439,307	450,000	(10,693)
Other	850	850	344	506
Total Instructional Staff	<u>2,837,361</u>	<u>2,807,387</u>	<u>2,789,162</u>	<u>18,225</u>
General Administration:				
Salaries	258,734	350,229	307,913	42,316
Employee Benefits	59,757	59,757	86,525	(26,768)
Purchased Services	305,964	305,964	376,406	(70,442)
Supplies and Materials	41,105	136,625	38,486	98,139
Capital Outlay	9,500	12,500	9,502	2,998
Other	27,500	27,500	29,789	(2,289)
Total General Administration	<u>702,560</u>	<u>892,575</u>	<u>848,621</u>	<u>43,954</u>
School Administration:				
Salaries	2,086,016	2,144,815	2,168,859	(24,044)
Employee Benefits	636,775	641,273	639,283	1,990
Purchased Services	56,480	56,480	36,977	19,503
Supplies and Materials	8,850	8,850	10,588	(1,738)
Other	9,838	9,838	14,549	(4,711)
Total School Administration	<u>2,797,959</u>	<u>2,861,256</u>	<u>2,870,256</u>	<u>(9,000)</u>
Business Services:				
Salaries	352,564	425,687	530,509	(104,822)
Employee Benefits	74,338	74,338	131,363	(57,025)
Purchased Services	46,858	46,858	-	46,858
Supplies and Materials	13,900	13,900	6,835	7,065
Capital Outlay	2,518	5,035	-	5,035
Total Business Services	<u>490,178</u>	<u>565,818</u>	<u>668,707</u>	<u>(102,889)</u>
Operations and Maintenance:				
Salaries	2,086,130	2,156,410	2,201,267	(44,857)
Employee Benefits	700,699	736,200	726,495	9,705
Purchased Services	1,274,010	1,278,510	1,372,250	(93,740)
Supplies and Materials	1,633,606	1,682,607	1,745,766	(63,159)
Capital Outlay	10,000	10,000	32,766	(22,766)
Total Operations and Maintenance	<u>5,704,445</u>	<u>5,863,727</u>	<u>6,078,544</u>	<u>(214,817)</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES (CONTINUED)				
Supporting Services (Continued):				
Student Transportation:				
Salaries	\$ 16,000	\$ 16,000	\$ 10,503	\$ 5,497
Employee Benefits	2,296	2,296	2,173	123
Purchased Services	65,000	65,000	66,383	(1,383)
Total Student Transportation	<u>83,296</u>	<u>83,296</u>	<u>79,059</u>	<u>4,237</u>
Central Support:				
Salaries	1,036,241	1,257,567	1,198,640	58,927
Employee Benefits	284,372	290,872	341,768	(50,896)
Purchased Services	507,328	507,328	538,742	(31,414)
Supplies and Materials	335,604	378,798	409,125	(30,327)
Capital Outlay	265,000	265,000	662,251	(397,251)
Other	3,300	3,300	810	2,490
Total Central Support	<u>2,431,845</u>	<u>2,702,865</u>	<u>3,151,336</u>	<u>(448,471)</u>
Community Services:				
Salaries	6,136	6,136	-	6,136
Total Community Services	<u>6,136</u>	<u>6,136</u>	<u>-</u>	<u>6,136</u>
Total Support Services	<u>17,847,111</u>	<u>18,493,620</u>	<u>19,119,198</u>	<u>(625,578)</u>
Total Expenditures	49,428,112	50,670,958	50,593,947	77,011
Other Financing Sources (Uses):				
Transfers Out	(3,182,300)	(3,182,300)	(3,182,300)	-
Total Other Financial Sources (Uses)	<u>(3,182,300)</u>	<u>(3,182,300)</u>	<u>(3,182,300)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,072,681	(631,165)	267,840	899,005
Fund Balance - Beginning	<u>9,965,138</u>	<u>10,420,091</u>	<u>10,420,091</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 11,037,819</u>	<u>\$ 9,788,926</u>	<u>\$ 10,687,931</u>	<u>\$ 899,005</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018**

NOTE 1 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

- By May 31, management submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.

Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget amounts between line items within any fund rests with the Superintendent. Revisions that alter the total expenditures of any fund must be approved by the Board of Education. All annual appropriations lapse at fiscal year-end.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS**

	2017	2016	2015	2014	2013
District's Proportion (Percentage) of the Collective Net Pension Liability	0.6133837715%	0.6067133842%	0.6114576017%	0.6216267633%	0.6177944233%
District's Proportionate Share of the Collective Pension Liability	198,346,512	180,642,036	93,518,123	84,251,307	78,799,512
Covered Payroll	27,835,885	26,796,166	26,648,010	26,041,696	24,903,866
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	712.557%	674.134%	350.938%	323.525%	316.415%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43.96%	43.10%	59.20%	62.80%	64.06%

The amounts presented for each fiscal year were determined as of December 31.

This schedule is presented to illustrate the requirement to show information for 10 years. Since years prior to 2013 were not reported in accordance with the current GASB standards, the information is not available.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS
YEAR ENDED JUNE 30,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Statutorily Required Contributions	\$ 5,484,505	\$ 4,907,130	\$ 4,766,577	\$ 4,456,194	\$ 4,081,474	\$ 3,697,563	\$ 3,431,536	\$ 3,299,888	\$ 3,288,610	\$ 3,175,994
Contributions in Relation to the Statutorily Required Contribution	<u>5,484,505</u>	<u>4,907,130</u>	<u>4,766,577</u>	<u>4,456,194</u>	<u>4,081,474</u>	<u>3,697,563</u>	<u>3,431,536</u>	<u>3,299,888</u>	<u>3,288,610</u>	<u>3,175,994</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 29,046,528	\$ 26,696,334	\$ 26,880,806	\$ 26,394,640	\$ 25,531,897	\$ 24,519,616	\$ 24,199,828	\$ 24,848,555	\$ 26,563,895	\$ 28,794,146
Contribution as a Percentage of Covered Payroll	18.88%	18.38%	17.73%	16.88%	15.99%	15.08%	14.18%	13.28%	12.38%	11.03%

The amounts presented for each fiscal year were determined as of June 30.

This schedule is presented to illustrate the requirement to show information for 10 years.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
SCHEDULES OF THE DISTRICT'S PROPORTIONATE
SHARE OF OPEB LIABILITY
LAST 10 FISCAL YEARS**

	<u>2017</u>	<u>2016</u>
District's Proportion (Percentage) of the Collective OPEB Liability	0.3485222626%	0.3448630896%
District's Proportionate Share of the Collective OPEB Liability	4,529,395	4,471,267
Covered Payroll	27,835,885	26,796,166
District's Proportionate Share of the OPEB Liability as a Percentage of its Covered Payroll	16.272%	16.686%
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 December 31.

This schedule is presented to illustrate the requirement to show information for 10 years. Since years prior to 2016 were not reported in accordance with the current GASB standards, the information is not available.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS
YEAR ENDED JUNE 30,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Statutorily Required Contributions	\$ 296,275	\$ 272,303	\$ 274,184	\$ 269,225	\$ 260,425	\$ 250,100	\$ 246,838	\$ 253,455	\$ 270,952	\$ 293,700
Contributions in Relation to the Statutorily Required Contribution	<u>296,275</u>	<u>272,303</u>	<u>274,184</u>	<u>269,225</u>	<u>260,425</u>	<u>250,100</u>	<u>246,838</u>	<u>253,455</u>	<u>270,952</u>	<u>293,700</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 29,046,528	\$ 26,696,334	\$ 26,880,806	\$ 26,394,640	\$ 25,531,897	\$ 24,519,616	\$ 24,199,828	\$ 24,848,555	\$ 26,563,895	\$ 28,794,146
Contribution as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

The amounts presented for each fiscal year were determined as of June 30.

This schedule is presented to illustrate the requirement to show information for 10 years.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue				Capital Projects		Total
	Food Service	Grants	Pupil Activity	Transportation	Capital Reserve	Building Reserve	
ASSETS							
Cash and Investments	\$ 231,995	\$ -	\$ 173,178	\$ -	\$ 726,750	\$ 916,080	\$ 2,048,003
Accounts Receivable	3,311	-	632	-	-	67,386	71,329
Grants Receivable	-	734,721	-	-	-	-	734,721
Due from Other Funds	567,099	20,202	222,877	291,435	240,315	200,000	1,541,928
Inventory	53,625	-	-	-	-	-	53,625
Total Assets	<u>\$ 856,030</u>	<u>\$ 754,923</u>	<u>\$ 396,687</u>	<u>\$ 291,435</u>	<u>\$ 967,065</u>	<u>\$ 1,183,466</u>	<u>\$ 4,449,606</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 24,082	\$ -	\$ 11,842	\$ 12,381	\$ 258,456	\$ -	\$ 306,761
Accrued Salaries and Benefits	51,199	161,217	-	150,414	-	-	362,830
Unearned Revenues	68,767	346,066	-	2,060	-	-	416,893
Due to Other Funds	-	247,640	111,842	379	403,053	201,350	964,264
Total Liabilities	<u>144,048</u>	<u>754,923</u>	<u>123,684</u>	<u>165,234</u>	<u>661,509</u>	<u>201,350</u>	<u>2,050,748</u>
FUND BALANCES							
Nonspendable Inventories	53,625	-	-	-	-	-	53,625
Restricted for:							
Food Services	658,357	-	-	-	-	-	658,357
Building Reserve	-	-	-	-	-	982,116	982,116
Committed to:							
Capital Projects	-	-	-	-	305,556	-	305,556
Pupil Activities	-	-	273,003	-	-	-	273,003
Assigned to:							
Transportation	-	-	-	126,201	-	-	126,201
Total Fund Balance	<u>711,982</u>	<u>-</u>	<u>273,003</u>	<u>126,201</u>	<u>305,556</u>	<u>982,116</u>	<u>2,398,858</u>
Total Liabilities and Fund Balances	<u>\$ 856,030</u>	<u>\$ 754,923</u>	<u>\$ 396,687</u>	<u>\$ 291,435</u>	<u>\$ 967,065</u>	<u>\$ 1,183,466</u>	<u>\$ 4,449,606</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	Special Revenue				Capital Projects		Total
	Food Service	Grants	Pupil Activity	Transportation	Capital Reserve	Building Reserve	
REVENUES							
Local Sources	\$ 1,427,563	\$ 44,677	\$ 387,778	\$ 260,993	\$ 30,810	\$ 248,340	\$ 2,400,161
State Sources	11,862	414,897	-	522,875	-	-	949,634
Federal Sources	266,889	1,388,223	-	-	-	-	1,655,112
Other	38,796	-	-	-	-	-	38,796
Total Revenues	<u>1,745,110</u>	<u>1,847,797</u>	<u>387,778</u>	<u>783,868</u>	<u>30,810</u>	<u>248,340</u>	<u>5,043,703</u>
EXPENDITURES							
Current:							
Instruction	-	1,185,193	450,015	-	-	-	1,635,208
Supporting Services	1,540,377	662,604	23,271	2,309,940	-	-	4,536,192
Capital Outlay	105,116	-	-	-	1,602,154	-	1,707,270
Total Expenditures	<u>1,645,493</u>	<u>1,847,797</u>	<u>473,286</u>	<u>2,309,940</u>	<u>1,602,154</u>	<u>-</u>	<u>7,878,670</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>99,617</u>	<u>-</u>	<u>(85,508)</u>	<u>(1,526,072)</u>	<u>(1,571,344)</u>	<u>248,340</u>	<u>(2,834,967)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	132,300	1,500,000	1,550,000	-	3,182,300
Total Other Financing Sources(Uses)	<u>-</u>	<u>-</u>	<u>132,300</u>	<u>1,500,000</u>	<u>1,550,000</u>	<u>-</u>	<u>3,182,300</u>
NET CHANGE IN FUND BALANCES	99,617	-	46,792	(26,072)	(21,344)	248,340	347,333
Fund Balances - Beginning	612,365	-	226,211	152,273	326,900	733,776	2,051,525
FUND BALANCES - ENDING	<u>\$ 711,982</u>	<u>\$ -</u>	<u>\$ 273,003</u>	<u>\$ 126,201</u>	<u>\$ 305,556</u>	<u>\$ 982,116</u>	<u>\$ 2,398,858</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
BOND REDEMPTION FUND
YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Local Sources:				
Property Taxes	\$ 6,598,746	\$ 6,598,746	\$ 6,679,376	\$ 80,630
Total Revenues	<u>6,598,746</u>	<u>6,598,746</u>	<u>6,679,376</u>	<u>80,630</u>
EXPENDITURES				
Debt Service:				
Principal	3,965,000	3,965,000	3,965,000	-
Interest and Fiscal Charges	<u>2,633,746</u>	<u>2,633,746</u>	<u>2,633,244</u>	<u>502</u>
Total Expenditures	<u>6,598,746</u>	<u>6,598,746</u>	<u>6,598,244</u>	<u>502</u>
NET CHANGE IN FUND BALANCE	-	-	81,132	81,132
Fund Balance - Beginning	<u>6,112,889</u>	<u>6,254,365</u>	<u>6,254,365</u>	-
FUND BALANCE - ENDING	<u><u>\$ 6,112,889</u></u>	<u><u>\$ 6,254,365</u></u>	<u><u>\$ 6,335,497</u></u>	<u><u>\$ 81,132</u></u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
GRANTS FUND
YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Local Grants	\$ 40,000	\$ 40,000	\$ 44,677	\$ 4,677
State Grants	464,638	529,638	414,897	(114,741)
Federal Grants	1,274,717	1,561,717	1,388,223	(173,494)
Total Revenues	<u>1,779,355</u>	<u>2,131,355</u>	<u>1,847,797</u>	<u>(283,558)</u>
EXPENDITURES				
Current:				
Instruction	1,274,717	1,487,280	1,185,193	302,087
Supporting Services	504,638	644,075	662,604	(18,529)
Total Expenditures	<u>1,779,355</u>	<u>2,131,355</u>	<u>1,847,797</u>	<u>283,558</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
PUPIL ACTIVITY FUND
YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Local Sources:				
Activities and Athletic Fees	\$ 320,000	\$ 320,000	\$ 387,778	\$ 67,778
Total Revenues	<u>320,000</u>	<u>320,000</u>	<u>387,778</u>	<u>67,778</u>
EXPENDITURES				
Current:				
Instruction	435,000	474,000	450,015	23,985
Supporting Services	-	-	23,271	(23,271)
Total Expenditures	<u>435,000</u>	<u>474,000</u>	<u>473,286</u>	<u>714</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(115,000)	(154,000)	(85,508)	68,492
OTHER FINANCING SOURCES				
Transfers In	132,300	132,300	132,300	-
Total Other Financing Sources	<u>132,300</u>	<u>132,300</u>	<u>132,300</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	17,300	(21,700)	46,792	68,492
Fund Balance - Beginning	<u>114,044</u>	<u>226,211</u>	<u>226,211</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 131,344</u>	<u>\$ 204,511</u>	<u>\$ 273,003</u>	<u>\$ 68,492</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Local Sources:				
Transportation Funding	\$ 238,000	\$ 238,000	\$ 260,993	\$ 22,993
State Sources:				
Transportation Funding	490,000	490,000	522,875	32,875
Total Revenues	<u>728,000</u>	<u>728,000</u>	<u>783,868</u>	<u>55,868</u>
EXPENDITURES				
Current:				
Supporting Services	2,310,943	2,310,943	2,309,940	1,003
Total Expenditures	<u>2,310,943</u>	<u>2,310,943</u>	<u>2,309,940</u>	<u>1,003</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,582,943)	(1,582,943)	(1,526,072)	56,871
OTHER FINANCING SOURCES				
Transfers In	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(82,943)	(82,943)	(26,072)	56,871
Fund Balance - Beginning	<u>195,409</u>	<u>152,273</u>	<u>152,273</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 112,466</u>	<u>\$ 69,330</u>	<u>\$ 126,201</u>	<u>\$ 56,871</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Local Sources:				
Investment Income	\$ 1,000	\$ 1,000	\$ 2,027	\$ 1,027
Other	-	-	28,783	28,783
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>30,810</u>	<u>29,810</u>
EXPENDITURES				
Current:				
Capital Outlay	<u>1,599,000</u>	<u>1,605,000</u>	<u>1,602,154</u>	<u>2,846</u>
Total Expenditures	<u>1,599,000</u>	<u>1,605,000</u>	<u>1,602,154</u>	<u>2,846</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,598,000)	(1,604,000)	(1,571,344)	32,656
OTHER FINANCING SOURCES				
Transfers In	<u>1,550,000</u>	<u>1,550,000</u>	<u>1,550,000</u>	-
Total Other Financing Sources	<u>1,550,000</u>	<u>1,550,000</u>	<u>1,550,000</u>	-
NET CHANGE IN FUND BALANCE	(48,000)	(54,000)	(21,344)	32,656
Fund Balance - Beginning	<u>187,807</u>	<u>326,900</u>	<u>326,900</u>	-
FUND BALANCE - ENDING	<u>\$ 139,807</u>	<u>\$ 272,900</u>	<u>\$ 305,556</u>	<u>\$ 32,656</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
 BUDGETARY COMPARISON SCHEDULE
 BUILDING RESERVE FUND
 YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Local Sources:				
Investment Income	\$ 1,197	\$ 1,197	\$ 2,646	\$ 1,449
Other	250,000	250,000	245,694	(4,306)
Total Revenues	<u>251,197</u>	<u>251,197</u>	<u>248,340</u>	<u>(2,857)</u>
EXPENDITURES				
Reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	251,197	251,197	248,340	(2,857)
NET CHANGE IN FUND BALANCE	251,197	251,197	248,340	(2,857)
Fund Balance - Beginning	<u>709,204</u>	<u>733,776</u>	<u>733,776</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 960,401</u></u>	<u><u>\$ 984,973</u></u>	<u><u>\$ 982,116</u></u>	<u><u>\$ 21,715</u></u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Charges for Services	\$ 1,308,352	\$ 1,308,352	\$ 1,427,563	\$ 119,211
State Grants	15,070	15,070	11,862	(3,208)
Federal Grants	249,679	249,679	266,889	17,210
Other	1,600	1,600	38,796	37,196
Total Revenues	<u>1,574,701</u>	<u>1,574,701</u>	<u>1,745,110</u>	<u>170,409</u>
EXPENDITURES				
Current:				
Support Services	1,461,659	1,461,660	1,540,377	(78,717)
Capital Outlay	187,000	187,000	105,116	81,884
Total Expenditures	<u>1,648,659</u>	<u>1,648,660</u>	<u>1,645,493</u>	<u>3,167</u>
NET CHANGE IN FUND BALANCE	(73,958)	(73,959)	99,617	173,576
Fund Balance - Beginning	<u>823,694</u>	<u>612,365</u>	<u>612,365</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 749,736</u>	<u>\$ 538,406</u>	<u>\$ 711,982</u>	<u>\$ 173,576</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
YEAR ENDED JUNE 30, 2018**

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
ASSETS				
Cash	\$ 1,856,899	\$ 2,585,671	\$ 2,652,795	\$ 1,789,775
Accounts Receivable	417,978	614,793	417,978	614,793
Total Assets	<u>\$ 2,274,877</u>	<u>\$ 3,200,464</u>	<u>\$ 3,070,773</u>	<u>\$ 2,404,568</u>
LIABILITIES				
Accounts Payable	\$ 975,512	\$ 792,105	\$ 975,512	\$ 792,105
Due to Student Groups	1,299,365	2,408,359	2,095,261	1,612,463
Total Liabilities	<u>\$ 2,274,877</u>	<u>\$ 3,200,464</u>	<u>\$ 3,070,773</u>	<u>\$ 2,404,568</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
AGENCY FUND
YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
RECEIPTS				
Student Activities	\$ 2,310,000	\$ 2,310,000	\$ 2,408,359	\$ 98,359
DISBURSEMENTS				
Student Activities	<u>2,270,000</u>	<u>2,270,000</u>	<u>2,095,261</u>	<u>174,739</u>
NET CHANGE IN DUE TO STUDENT GROUPS	40,000	40,000	313,098	273,098
Due to Student Groups - Beginning	<u>1,333,213</u>	<u>1,299,365</u>	<u>1,299,365</u>	<u>-</u>
DUE TO STUDENT GROUPS - ENDING	<u><u>\$ 1,373,213</u></u>	<u><u>\$ 1,339,365</u></u>	<u><u>\$ 1,612,463</u></u>	<u><u>\$ 273,098</u></u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
STATISTICAL SECTION
YEAR ENDED JUNE 30, 2018**

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Content

Financial Trends Information

These tables contain trend information to help the reader understand how the District's financial condition has changed over time. 62 – 65

Revenue Capacity Information

These tables contain information to help the reader assess the District's largest revenue sources, state equalization and property taxes. 66 – 69

Debt Capacity Information

These tables 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. 70 - 73

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. 74 - 76

Operating Information

These tables contain service data to help the reader understand how the information in the financial report relates to the services the District provides and the activities it performs. 77 - 80

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(PREPARED USING THE ACCRUAL BASIS OF ACCOUNTING)
YEAR ENDED JUNE 30,
(UNAUDITED)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
Net Investment in Capital Assets	\$ 29,228,404	\$ 26,068,898	\$ 23,587,394	\$ 20,651,643	\$ 16,610,669	\$ 14,126,029	\$ 12,877,619	\$ 9,188,452	\$ 9,691,709	\$ 10,532,724
Restricted	9,585,182	9,111,335	8,632,137	8,772,885	8,271,674	8,446,707	9,257,745	9,499,647	8,971,653	8,002,183
Unrestricted	(145,628,142)	(105,184,371)	(76,862,711)	(73,300,216)	8,347,257	9,740,521	6,138,176	5,144,404	3,386,519	1,385,432
Total Governmental Activities Net Position	<u>\$ (106,814,556)</u>	<u>\$ (70,004,138)</u>	<u>\$ (44,643,180)</u>	<u>\$ (43,875,688)</u>	<u>\$ 33,229,600</u>	<u>\$ 32,313,257</u>	<u>\$ 28,273,540</u>	<u>\$ 23,832,503</u>	<u>\$ 22,049,881</u>	<u>\$ 19,920,339</u>
Business-type Activities										
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ 115,758	\$ 72,345	\$ 85,729	\$ 95,258	\$ 125,381	\$ 155,504
Unrestricted	-	-	-	-	659,137	511,502	414,832	292,439	192,716	229
Total Business-Type Activities Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 774,895</u>	<u>\$ 583,847</u>	<u>\$ 500,561</u>	<u>\$ 387,697</u>	<u>\$ 318,097</u>	<u>\$ 155,733</u>
Primary Government										
Net Investment in Capital Assets	\$ 29,228,404	\$ 26,068,898	\$ 23,587,394	\$ 20,651,643	\$ 16,726,427	\$ 14,198,374	\$ 12,963,348	\$ 9,283,710	\$ 9,817,090	\$ 10,688,228
Restricted	9,585,182	9,111,335	8,632,137	8,772,885	8,271,674	8,446,707	9,257,745	9,499,647	8,971,653	8,002,183
Unrestricted	(145,628,142)	(105,184,371)	(76,862,711)	(73,300,216)	9,006,394	10,252,023	6,553,008	5,436,843	3,579,235	1,385,661
Total Primary Government Net Position	<u>\$ (106,814,556)</u>	<u>\$ (70,004,138)</u>	<u>\$ (44,643,180)</u>	<u>\$ (43,875,688)</u>	<u>\$ 34,004,495</u>	<u>\$ 32,897,104</u>	<u>\$ 28,774,101</u>	<u>\$ 24,220,200</u>	<u>\$ 22,367,978</u>	<u>\$ 20,076,072</u>

Source: School District Financial Records

(1) Beginning with fiscal year 2015, The Food Service Fund is reported within governmental activities

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(PREPARED USING THE ACCRUAL BASIS OF ACCOUNTING)
YEAR ENDED JUNE 30,
(UNAUDITED)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities:										
Instruction	\$ 57,919,925	\$ 52,286,500	\$ 35,683,183	\$ 34,176,973	\$ 31,453,078	\$ 29,568,994	\$ 28,871,563	\$ 28,972,597	\$ 30,036,102	\$ 31,016,495
Supporting Services	38,176,923	33,462,917	22,904,290	22,683,717	19,062,479	17,748,199	17,787,862	18,604,903	18,100,409	20,756,920
Interest on Long-Term Debt	2,120,498	2,247,213	2,376,884	2,484,535	2,903,437	3,399,859	3,201,849	5,934,775	4,990,713	5,082,505
Total Governmental Activities Expense	98,217,346	87,996,630	60,964,357	59,345,225	53,418,994	50,717,052	49,861,274	53,512,275	53,127,224	56,855,920
Business-Type Activities:										
Food Service	-	-	-	-	1,357,368	1,410,792	1,378,146	1,349,797	1,248,596	1,369,928
Total Primary Government Expenses	\$ 98,217,346	\$ 87,996,630	\$ 60,964,357	\$ 59,345,225	\$ 54,776,362	\$ 52,127,844	\$ 51,239,420	\$ 54,862,072	\$ 54,375,820	\$ 58,225,848
Program Revenues										
Governmental Activities:										
Charges for Services										
Instruction	\$ 1,513,999	\$ 1,398,440	\$ 1,308,871	\$ 1,557,252	\$ 1,559,564	\$ 1,669,594	\$ 1,550,501	\$ 1,893,301	\$ 1,397,320	\$ 1,502,551
Supporting Services	1,364,477	882,856	1,311,313	1,423,027	157,705	202,816	87,593	109,389	106,718	-
Operating Grants and Contributions	4,267,292	4,004,429	3,827,735	3,716,057	2,941,452	2,965,986	2,992,755	3,260,963	3,480,647	2,673,162
Capital Grants and Contributions	-	-	-	1,778	1,809	34,881	-	-	-	-
Total Governmental Activities Program Revenues	7,145,768	6,285,725	6,447,919	6,698,114	4,660,530	4,873,277	4,630,849	5,263,653	6,698,114	4,175,713
Business-Type Activities:										
Charges for Services	-	-	-	-	1,222,026	1,139,767	1,148,923	1,093,437	1,138,357	1,026,713
Operating Grants and Contributions	-	-	-	-	325,575	354,189	342,087	325,960	265,562	213,175
Total Business-Type Activities Program Revenues	-	-	-	-	1,547,601	1,493,956	1,491,010	1,419,397	1,403,919	1,239,888
Total Primary Government Program Revenues	\$ 7,145,768	\$ 6,285,725	\$ 6,447,919	\$ 6,698,114	\$ 6,208,131	\$ 6,367,233	\$ 6,121,859	\$ 6,683,050	\$ 8,102,033	\$ 5,415,601
Net (Expenses)/Revenues										
Governmental Activities	\$ (91,071,578)	\$ (81,710,905)	\$ (54,516,438)	\$ (52,647,111)	\$ (48,758,464)	\$ (45,843,775)	\$ (45,230,425)	\$ (48,248,622)	\$ (46,429,110)	\$ (52,680,207)
Business-Type Activities	-	-	-	-	190,233	83,164	112,864	69,600	155,323	(130,040)
Total Primary Government Net Expenses	\$ (91,071,578)	\$ (81,710,905)	\$ (54,516,438)	\$ (52,647,111)	\$ (48,568,231)	\$ (45,760,611)	\$ (45,117,561)	\$ (48,179,022)	\$ (46,273,787)	\$ (52,810,247)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 22,218,779	\$ 21,620,545	\$ 21,177,831	\$ 21,234,312	\$ 21,334,971	\$ 21,852,113	\$ 21,991,261	\$ 23,294,178	\$ 22,193,298	\$ 20,516,940
Specific Ownership Taxes	2,881,378	2,613,971	2,411,464	2,291,765	2,237,634	2,303,217	2,022,860	2,055,909	2,067,612	2,190,248
State Equalization	32,978,384	31,369,002	29,559,060	28,242,190	26,174,269	24,636,465	24,051,173	22,957,130	26,063,520	25,314,970
Earnings on Investments	101,791	66,311	46,929	33,951	29,969	49,604	31,647	32,007	29,481	236,938
Gain on Disposal of Capital Assets	-	-	-	2,200	4,400	-	-	-	-	-
Grants and Contributions not Restricted	-	-	-	-	-	-	34,816	1,469,424	-	-
Loss on Advance Debt Payment	-	-	-	(615,697)	-	-	-	-	-	-
Other Revenue	415,244	680,118	553,662	253,233	564,156	1,042,093	209,321	222,596	158,277	229,893
Total Governmental Activities	58,595,576	56,349,947	53,748,946	51,441,954	50,345,399	49,883,492	48,341,078	50,031,244	50,512,188	48,488,989
Business-Type Activities:										
Earnings on Investments	-	-	-	-	815	122	-	-	7,041	4,579
Other Revenue	-	-	-	-	-	-	-	-	-	75,000
Total Business-Type Activities	-	-	-	-	815	122	-	-	7,041	79,579
Total Primary Government	\$ 58,595,576	\$ 56,349,947	\$ 53,748,946	\$ 51,441,954	\$ 50,346,214	\$ 49,883,614	\$ 48,341,078	\$ 50,031,244	\$ 51,441,954	\$ 48,568,568
Change in Net Position										
Governmental Activities	\$ (32,476,002)	\$ (25,360,958)	\$ (767,492)	\$ (1,205,157)	\$ 1,586,935	\$ 4,039,717	\$ 3,110,653	\$ 1,782,622	\$ 4,083,078	\$ (4,191,218)
Business-Type Activities	-	-	-	-	191,048	83,286	112,864	69,600	162,364	(50,461)
Total Primary Government	\$ (32,476,002)	\$ (25,360,958)	\$ (767,492)	\$ (1,205,157)	\$ 1,777,983	\$ 4,123,003	\$ 3,223,517	\$ 1,852,222	\$ 4,245,442	\$ (4,241,679)

Source: School District Financial Records

(1) Beginning with fiscal year 2015, The Food Service Fund is reported within governmental activities

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(PREPARED USING THE ACCRUAL BASIS OF ACCOUNTING)
YEAR ENDED JUNE 30,
(UNAUDITED)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Nonspendable	\$ 160,222	\$ 166,510	\$ 190,166	\$ 178,743	\$ 217,127	\$ 171,929	\$ 147,072	\$ 137,088		
Restricted	1,663,192	1,629,984	1,521,409	1,380,000	1,425,000	1,335,184	1,292,000	1,305,770		
Committed	1,079,360	1,385,370	1,684,300	1,627,592	4,167,592	4,135,880	1,304,198	934,819		
Assigned	-	-	-	-	-	-	2,540,000	37,240		
Unassigned	7,785,157	7,238,227	6,580,552	6,012,016	7,115,360	6,126,114	5,777,152	7,682,606		
Total General Fund	<u>10,687,931</u>	<u>10,420,091</u>	<u>9,976,427</u>	<u>9,198,351</u>	<u>12,925,079</u>	<u>11,769,107</u>	<u>11,060,422</u>	<u>10,097,523</u>		
All Other Governmental Funds:										
Nonspendable	53,625	42,207	54,361	53,429	-	-	-	-		
Restricted	7,975,970	7,558,299	7,179,292	7,538,058	6,996,066	7,873,735	8,072,392	8,432,556		
Committed	578,559	553,111	200,054	189,646	173,028	1,408,995	218,861	-		
Assigned	126,201	152,273	152,028	130,957	572,143	349,017	68,754	447,569		
Unassigned	-	-	-	(23,432)	(292)	-	-	(48,801)		
Total all Other Governmental Funds	<u>8,734,355</u>	<u>8,305,890</u>	<u>7,585,735</u>	<u>7,888,658</u>	<u>7,740,945</u>	<u>9,631,747</u>	<u>8,360,007</u>	<u>8,831,324</u>		
Total Governmental Funds	<u>\$ 19,422,286</u>	<u>\$ 18,725,981</u>	<u>\$ 17,526,162</u>	<u>\$ 17,087,009</u>	<u>\$ 20,666,024</u>	<u>\$ 21,400,854</u>	<u>\$ 19,420,429</u>	<u>\$ 18,928,847</u>		
General Fund:										
Reserved									\$ 1,860,128	\$ 1,955,306
Unreserved									2,067,273	3,928,046
Total General Fund									<u>3,927,401</u>	<u>5,883,352</u>
All Other Governmental Funds:										
Reserved									-	65,664
Unreserved Reported in:										
Special Revenue Funds									143,434	189,060
Debt Service Fund									6,075,081	7,603,851
Capital Project Funds									1,885,738	8,935,493
Undesignated									-	-
Total all Other Governmental Funds									<u>8,104,253</u>	<u>16,794,068</u>
Total Government Funds									<u>\$ 12,031,654</u>	<u>\$ 22,677,420</u>

Source: School District Financial Records

Note: In fiscal year 2011 the District adopted GASB 54 Fund Balance Reporting and Fund Type Definition, changing the titles and classifications of fund balance.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(PREPARED USING THE ACCRUAL BASIS OF ACCOUNTING)
YEAR ENDED JUNE 30,
(UNAUDITED)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Local Sources	\$ 28,979,608	\$ 28,016,429	\$ 27,172,863	\$ 26,922,009	\$ 25,667,825	\$ 26,335,803	\$ 26,022,407	\$ 27,698,488	\$ 26,172,735	\$ 24,775,268
Intermediary Sources	-	-	-	-	-	-	-	-	-	-
State Sources	35,093,650	33,027,558	31,339,803	30,443,778	27,846,049	26,216,060	25,569,991	24,480,437	27,741,105	26,821,908
Federal Sources	1,655,112	1,588,710	1,584,382	1,475,457	1,236,478	1,370,465	1,500,383	3,102,544	1,724,123	1,112,539
Other	38,796	16,075	26,834	13,510	-	5,578	-	-	-	-
Total Revenues	65,767,166	62,648,772	60,123,882	58,854,754	54,750,352	53,927,906	53,092,781	55,281,469	55,637,963	52,709,715
Expenditures:										
Current:										
Instruction	33,109,957	31,543,920	29,990,421	29,126,314	28,122,792	26,848,017	26,170,959	26,271,805	27,407,496	28,354,999
Supporting Services	22,949,491	21,489,367	20,671,313	19,675,209	17,578,208	16,762,396	17,009,905	17,777,229	18,045,469	18,820,428
Bond Issuance Costs	-	-	-	-	-	152,179	272,521	165,483	-	74,998
Capital Outlay	2,413,169	1,945,028	1,759,522	2,743,492	1,729,300	855,504	786,558	493,618	1,095,072	8,133,342
Debt Service:										
Principal	3,965,000	3,745,000	4,290,000	4,145,000	4,970,001	4,860,002	2,517,059	3,304,616	2,798,827	3,942,478
Interest on Long-Term Debt	2,633,244	2,787,146	2,937,473	3,100,339	3,386,522	3,496,963	5,390,344	5,251,458	3,988,659	4,108,393
Total Expenditures	65,070,861	61,510,461	59,648,729	58,790,354	55,786,823	52,975,061	52,147,346	53,264,209	53,335,523	63,434,638
Excess (Deficiency) of Revenues Over Expenditures	696,305	1,138,311	475,153	64,400	(1,036,471)	952,845	945,435	2,017,260	2,302,440	(10,724,923)
Other Financing Sources (Uses):										
Proceeds from Bond Issuance	-	-	-	-	-	18,440,000	33,220,000	4,135,000	-	3,320,000
Bond Premium	-	-	-	-	-	2,534,879	5,916,080	-	-	101,611
Bond Discount	-	-	-	-	-	-	-	(38,681)	-	-
Bond Refinanced	-	-	-	-	-	-	-	(1,518,826)	-	-
Proceeds from Sale of Capital Assets	-	25,508	-	2,200	4,400	-	-	-	-	-
Proceeds from Capital Lease	-	-	-	-	-	-	-	-	-	153,256
Payments to Refunded Bond Escrow Agent	-	-	-	(4,304,752)	-	(20,825,429)	(39,589,933)	-	-	(3,420,710)
Proceeds from Insurance Claim	-	-	-	-	297,241	878,130	-	-	-	-
Transfer In	3,182,300	3,502,300	-	3,032,301	2,518,555	3,352,049	1,254,979	1,033,643	1,307,629	2,871,003
Transfer Out	(3,182,300)	(3,502,300)	-	(3,032,301)	(2,518,555)	(3,352,049)	(1,254,979)	(1,033,643)	(1,307,629)	(2,946,003)
Total Other Financing Sources (Uses)	-	25,508	-	(4,302,552)	301,641	1,027,580	(453,853)	2,577,493	-	79,157
Net Change in Fund Balance	\$ 696,305	\$ 1,163,819	\$ 475,153	\$ (4,238,152)	\$ (734,830)	\$ 1,980,425	\$ 491,582	\$ 4,594,753	\$ 2,302,440	\$ (10,645,766)
Debt Service as a percentage of noncapital expenditures	10.4%	10.8%	12.3%	12.9%	15.5%	16.0%	15.4%	16.2%	13.0%	14.6%

Source: School District Financial Records

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30,
(UNAUDITED)

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial, Agricultural and, Natural Resources	State Assessed	Vacant Land and Public Utilities Property	Total Taxable Assessed Value	Estimated Actual Taxable Value (1)	Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value	Assessment Rate	
										Residential Property	All Other Property
2018	\$ 362,422,800	\$ 66,601,260	\$ 11,211,560	\$ 21,024,290	\$ 36,898,960	\$ 498,158,870	\$ 5,390,514,123	44.651	9.5%	7.20	29.00
2017	344,428,230	57,296,350	10,964,950	20,131,490	33,633,700	466,454,720	4,747,582,685	46.404	9.8%	7.96	29.00
2016	335,741,010	55,936,260	11,369,310	19,432,490	35,088,330	457,567,400	4,637,767,815	46.501	9.9%	7.96	29.00
2015	308,566,710	51,718,400	10,289,420	20,335,440	36,808,230	427,718,200	4,287,343,262	49.677	9.9%	7.96	29.00
2014	301,609,520	51,296,670	13,953,140	18,574,740	40,574,740	426,008,810	4,216,796,666	50.091	10.1%	7.96	29.00
2013	303,045,260	51,874,500	12,018,310	16,674,870	43,446,490	427,059,430	4,234,703,907	51.756	10.1%	7.96	29.00
2012	299,502,960	52,114,110	6,603,760	17,067,040	45,926,050	421,213,920	4,182,260,691	52.343	10.1%	7.96	29.00
2011	323,756,700	54,727,430	11,436,780	16,289,780	57,876,540	464,087,230	4,551,022,062	50.324	10.2%	7.96	29.00
2010	320,924,500	54,443,430	11,370,970	13,838,630	61,514,630	462,092,160	4,518,327,998	48.074	10.2%	7.96	29.00
2009	306,743,440	51,472,920	11,166,080	14,152,520	62,271,160	445,806,120	4,333,048,178	46.077	10.3%	7.96	29.00

Source: El Paso County Assessor Office

(1) - Assessed value as per official notice from El Paso County Assessor.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER \$1,000 OF ASSESSED VALUE)
YEAR ENDED JUNE 30,
(UNAUDITED)**

Tax Year/ Collection Year	Lewis Palmer School District (1)					Overlapping Rates (2)					
	General Fund	Mill Levy Override	S.B. 184 (1)	Bond Fund	Total	El Paso County	Town of Monument	Town of Palmer Lake	Library District	Triview Metropolitan District	Tri-Lakes Fire District
2017-18	23.164	8.030	0.042	13.415	44.651	7.965	6.225	21.135	3.812	35.000	18.100
2016-17	23.164	8.575	0.334	14.331	46.404	7.754	6.454	21.407	3.957	35.000	11.500
2015-16	23.164	8.742	0.192	14.403	46.501	7.869	6.255	11.238	3.857	35.000	11.500
2014-15	23.164	9.346	0.084	17.083	49.677	7.791	6.289	16.459	4.000	35.000	11.500
2013-14	23.164	9.397	0.342	17.188	50.091	7.714	6.289	16.459	4.000	35.000	11.500
2012-13	23.164	9.366	0.184	19.042	51.756	7.663	6.289	16.459	4.000	35.000	11.500
2011-12	23.164	9.496	0.104	19.579	52.343	7.597	6.289	16.459	3.999	35.000	8.500
2010-11	23.164	8.619	0.441	18.100	50.324	7.537	6.289	16.459	3.556	35.000	8.500
2009-10	23.164	8.656	0.074	16.180	48.074	7.531	6.289	15.989	3.468	35.000	8.500
2008-09	23.164	8.973	0.142	13.798	46.077	7.583	6.289	16.180	3.540	35.000	8.500

Source: El Paso County Assessor; ABSTRACT OF ASSESSMENT

- (1) - Colorado statues indicate that districts shall levy, in the next fiscal year, the mills necessary to recoup property tax abatements granted after the mill levy is certified.
- (2) - Overlapping rates are those of local and county governments that apply to property owners with the District. Not all overlapping rates apply to all District property owner (e.g. the rates for special districts apply only to the proportion of the District's owners whose property is located within the geographic boundaries of the special district).

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
PRINCIPAL TAXPAYERS
JUNE 30, 2018
(UNAUDITED)

	2018			2009		
	Assessed Value	Rank	% of Total Value	Assessed Value	Rank	% of Total Value
Mountain View Electric Assoc. Inc.	\$ 8,161,360	1	1.59%	\$ 3,816,420	3	0.86%
Depuy Synthes	5,630,380	2	1.10%	8,427,550	1	1.89%
TKG Monument Development LLC	4,103,660	3	0.80%			
Wal-Mart Real Estate, Trs LLC, and Stores Inc	3,919,390	4	0.76%	4,344,700	2	0.97%
RVPLRE LLC	3,109,780	5	0.61%			
Vistas At Jackson Creek LLC	2,644,010	6	0.52%			
Regency Center LP	2,553,620	7	0.50%	2,279,950	5	0.51%
Hand Innovations LLC	2,248,330	8	0.44%			
Qwest Corp.	2,231,500	9	0.43%	3,022,710	4	0.68%
Blackhills Colo Gas Utility Co	2,217,000	10	0.43%			
Kohl's Department Stores Inc				1,869,510	8	0.39%
HD Development of Maryland Inc.				1,797,330	9	0.40%
Jackson Creek Land Company				2,087,440	6	0.47%
Monument Market Place Shops				2,087,250	7	0.47%
Colorado Interstate Gas Co.				1,381,000	10	0.31%
Total	\$ 34,534,360			\$ 30,981,560		
Total Assessed Valuation	\$ 498,158,870			\$ 445,806,120		

Source: El Paso County Treasurer Office - Property Tax Statements

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
PROPERTY TAX LEVIES AND COLLECTIONS
GENERAL FUND
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30,
(UNAUDITED)

Tax Year/ Collection Year	Current Tax Levy (1)	Current Tax Collections	Percentage of Current Levy	Prior Years Delinquent Tax Collections	Total Tax Collection	Percent of Total Tax Levy
2017-18	\$ 22,243,221	\$ 22,249,744	100.0%	(5,141)	\$ 22,244,603	100.0%
2016-17	21,645,381	21,658,505	100.0%	(8,174)	21,650,331	100.0%
2015-16	21,277,066	21,174,614	99.5%	(69,766)	21,104,848	99.2%
2014-15	21,261,696	20,855,371	98.1%	(29,497)	20,825,874	98.0%
2013-14	21,321,013	21,288,599	99.8%	46,372	21,334,971	100.1%
2012-13	22,102,906	21,888,776	99.0%	(36,663)	21,852,113	98.9%
2011-12	22,047,620	22,027,703	99.9%	(36,442)	21,991,261	99.7%
2010-11	23,354,743	23,305,294	99.8%	3,235	23,308,529	99.8%
2009-10	22,214,636	22,150,647	99.7%	(48,807)	22,101,840	99.5%
2008-09	20,541,472	20,486,245	99.7%	39,365	20,525,610	99.9%

Source: El Paso County Treasurer Office
School District Financial Records

(1) Includes General and Debt Service Funds.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
RATIOS OF DEBT OUTSTANDING
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30,
(UNAUDITED)

Fiscal Year	General Obligation Bonds	Certificates of Participation	Capital Leases	Total Primary Government	Ratio of Total Debt Estimated Actual Property Value	Total Debt Per Membership	Percentage of Personal Income
2018	\$ 60,735,632	\$ -	\$ -	\$ 60,735,632	1.1%	\$ 8,784	n/a
2017	65,478,408	-	-	65,478,408	1.4%	9,745	n/a
2016	70,001,184	-	-	70,001,184	1.5%	11,036	0.23%
2015	71,924,996	-	-	71,924,996	1.7%	11,588	0.24%
2014	76,647,075	3,689,055	-	80,336,130	1.9%	12,803	0.30%
2013	81,944,615	3,842,121	-	85,786,736	2.0%	13,942	0.31%
2012	86,822,038	3,990,187	-	90,812,225	2.2%	14,946	0.34%
2011	93,285,873	4,098,253	14,198	97,398,324	2.1%	16,296	0.38%
2010	95,958,853	-	1,497,904	97,456,757	2.2%	16,379	0.40%
2009	98,352,262	-	2,071,731	100,423,993	2.3%	17,264	0.43%

Source: El Paso County Assessor Office
School District Records

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30,
(UNAUDITED)

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Membership	Gross Bonded Debt District Per Capita Population
2018	\$ 60,735,632	\$ 6,335,497	\$ 54,400,135	1.0%	\$ 7,868	\$ 1,539
2017	65,478,408	6,254,365	59,224,043	1.2%	8,814	1,686
2016	70,001,184	6,112,889	63,888,295	1.4%	10,072	1,834
2015	71,924,996	6,794,687	65,130,309	1.5%	10,493	1,924
2014	76,647,075	6,711,505	69,935,570	1.7%	11,145	2,086
2013	81,944,615	7,397,165	74,547,450	1.8%	12,116	2,254
2012	86,822,038	7,302,534	79,519,504	1.9%	13,087	2,423
2011	93,285,873	7,399,390	85,886,483	1.9%	14,369	2,639
2010	95,958,853	7,466,270	88,492,583	2.0%	14,873	2,728
2009	98,352,262	6,075,081	92,277,181	2.1%	15,863	2,810

Source: El Paso County Assessor Office
School District Records

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2018
(UNAUDITED)

	Assessed Valuation	Debt Outstanding	Percent Applicable to School District (2)	Gross Direct and Overlapping Debt	Direct and Overlapping Debt / Assessed Valuation
Direct Debt:					
El Paso County School District #38 Lewis-Palmer	\$ 498,158,870	\$ 60,735,632	100%	\$ 60,735,632	
Overlapping Debt:					
Town of Monument		583,783	100%	583,783	
Town of Palmer Lake		2,300,000	97%	2,231,000	
Forest View Acres Water District		2,027,170	100%	2,027,170	
Forest Lakes Metropolitan District - Pinon Pine #1		8,300,000	100%	8,300,000	
Triview Metropolitan District		45,000,000	100%	45,000,000	
Village Center Metropolitan District		8,250,000	72%	5,931,750	
Total Overlapping Debt				<u>64,073,703</u>	
Total				<u>\$ 124,809,335</u>	24.32%

Source: Financial records of entities listed above and other sources.

- (1) - Overlapping governments without general obligation debt are not shown.
- (2) - The percentage of each entity's outstanding debt attributable to the district is calculated by determining the proportionate amount of that entity that overlaps the District and dividing the assessed valuation of the overlapping portion of the District by the total assessed value of such overlapping entity.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30,
(UNAUDITED)

Actual Value - 2018	5,614,887,365
Assessed Valuation - 2018	\$ 498,158,870
Legal debt limit percentage	<u>20%</u>
Legal debt limit	<u><u>99,631,774</u></u>

Amount of debt applicable to debt limit:

Total bonded debt	60,735,632
Less Debt Service Funds available	<u>6,335,497</u>
Total amount of debt applicable to debt limit	54,400,135

Legal Debt Margin 45,231,639

	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Gross Debt Applicable to the Limit as a Percentage of Debt Limit</u>
2018	\$ 99,631,774	\$ 54,400,135	\$ 45,231,639	54.60%
2017	93,290,944	59,224,043	34,066,901	63.48%
2016	91,513,480	60,971,091	30,542,389	66.63%
2015	91,715,772	65,130,309	26,585,463	71.01%
2014	85,201,762	69,935,570	15,266,192	82.08%
2013	85,411,886	74,547,450	10,864,436	87.28%
2012	84,242,784	79,519,504	4,723,280	94.39%
2011	92,817,446	85,886,483	6,930,963	92.53%
2010	92,418,432	88,492,583	3,925,849	95.75%
2009*	111,451,530	92,277,181	19,174,349	82.80%

Source : El Paso County Assessor Office
School District Records

Note: Under the Colorado Public School Finance Act of 1994, the limitation on bonded indebtedness is 20% of assessed valuation.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
EL PASO COUNTY DEMOGRAPHIC AND ECONOMIC INFORMATION
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30,
(UNAUDITED)

Fiscal Year	Population	Estimated District Population*	Median Household Income	Personal Income	Personal Per-Capita	Unemployment Rate	FTE Student Enrollment	Per-Capita Direct Debt
2018	712,641	39,470	n/a	n/a	n/a	2.80%	6,425	\$ 1,538.79
2017	701,283	38,841	n/a	n/a	n/a	2.90%	6,273	1,685.82
2016	689,082	38,165	60,219	30,565,961,000	44,409	3.90%	6,130	1,834.17
2015	674,471	37,385	60,458	30,319,650,000	43,447	4.20%	5,805	1,923.92
2014	663,519	36,745	57,487	26,940,874,000	41,945	6.00%	5,847	2,186.32
2013	655,044	36,349	57,125	27,824,855,000	41,128	8.00%	5,740	2,360.12
2012	645,439	35,831	55,217	26,374,299,000	40,893	9.20%	5,639	2,534.49
2011	636,878	35,351	54,797	25,470,641,000	40,019	9.50%	5,591	2,755.19
2010	622,263	35,175	51,553	24,123,028,000	38,493	9.80%	5,606	2,770.63
2009	608,061	35,000	55,621	23,193,897,000	38,144	8.70%	5,556	2,869.26

Source: Colorado Department of Labor, US Census Bureau American Fact Finder, Data USA, and Bureau of Economic Analysis, Colorado Department of Education.

Certain information was not available for years 2017 - 2018.

Student enrollment is based on full time equivalent (FTE) students. Enrollment is adjusted for preschool programs at one half time and kindergarten is calculated at .5 FTE. Student enrollment is as of the October count date of each year, submitted to the Colorado Department of Education. Note that 2018 student enrollment numbers are pre-final numbers.

*District estimate based on US Census Bureau zip code data and El Paso County growth history.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO
YEAR ENDED JUNE 30,
(UNAUDITED)**

	<u>2018</u>	
	<u>Rank</u>	<u>Percentage of County Employment</u>
Fort Carson	1	11.10%
Peterson Air Force Base	2	3.60%
Schriever Air Force Base	3	3.20%
Memorial Health Services	4	2.50%
United States Air Force Academy	5	2.30%
City of Colorado Springs	6	1.40%
Colorado Springs School District 11	7	1.20%
Academy School District 20	8	0.90%
Penrose-St. Francis Health Services	9	0.80%
El Paso County	10	0.80%

	<u>2009</u>	
	<u>Rank</u>	<u>Percentage of County Employment</u>
Fort Carson	1	10.18%
Peterson Air Force Base	2	4.95%
United States Air Force Academy	3	2.77%
Schriever Air Force Base	4	2.55%
Memorial Health Services	5	1.99%
Colorado Springs School District 11	6	1.65%
Academy School District 20	7	1.12%
City of Colorado Springs	8	0.98%
The Broadmoor Hotel	9	0.85%
El Paso County	10	0.72%

Sources: 2009 CAFR City of Colorado Springs, 2017 CAFR El Paso County, Colorado

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY CATEGORY WITHOUT HOURLY FTE'S
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30,
(UNAUDITED)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Instruction										
Teachers	325.00	317.00	307.55	309.33	304.84	282.31	260.68	272.56	309.80	315.55
Aides	104.50	82.00	83.96	83.58	90.01	84.25	81.80	90.35	77.69	65.89
Tutors	2.00	-	-	3.50	-	-	-	-	-	-
Athletic Trainers	2.00	2.00	-	-	2.00	2.00	2.00	2.00	1.00	1.00
Total Instructional	433.50	401.00	391.51	396.41	396.85	368.56	344.48	364.91	388.49	382.44
Supporting Services:										
Administrators		17.00	17.00	15.00	13.00	12.00	12.00	15.00	16.00	17.00
Athletic Directors	18.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Athletic Trainers	2.00	2.00	2.00	2.00	-	-	-	-	-	-
Nurses	4.00	4.00	3.60	3.20	3.80	2.80	2.80	4.65	4.55	4.55
Coordinators	0.50	0.50	0.50	1.04	2.00	1.79	0.79	-	2.00	2.00
Secretaries	30.00	29.00	18.00	20.50	29.57	29.00	29.97	29.91	33.38	27.53
Technicians	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Teachers on Special Assignment	11.00	9.00	9.10	9.00	10.00	10.75	9.57	12.05	12.40	12.70
Counselors	17.00	14.00	14.00	14.50	11.50	12.00	9.33	12.00	11.80	11.60
Health Aides	9.00	9.00	9.00	9.00	11.00	10.00	9.00	9.00	9.00	9.00
Managers	2.00	2.00	2.00	2.00	3.00	3.00	3.00	2.00	2.00	2.24
Psychologists	5.00	6.00	4.90	5.20	4.30	3.80	4.00	5.00	4.70	4.40
Therapists	7.00	6.00	7.52	4.50	3.76	3.70	3.50	2.86	2.80	2.80
Speech Pathologists	6.00	6.00	6.45	6.44	6.45	6.45	6.71	7.45	6.45	6.95
Social Workers	1.00	1.00	0.50	0.50	0.50	0.40	-	-	-	-
Library Assistants	3.00	3.00	4.27	3.00	3.00	1.00	2.00	4.00	3.00	3.94
Librarians	8.00	8.00	6.00	5.00	4.00	4.00	4.00	5.60	5.00	6.00
Total Supporting Services	125.50	120.50	108.84	104.88	109.88	104.69	101.66	114.52	118.08	115.71
Business Support Services:										
Administrators	1.00	1.00	1.00	-	1.00	1.00	1.00	1.00	1.00	1.00
Coordinators	-	-	-	-	1.00	1.00	1.00	-	-	-
Secretaries	7.50	7.50	6.50	6.50	7.00	8.25	5.75	5.00	6.00	5.00
Technicians	3.00	3.00	3.00	3.00	3.50	4.50	4.50	4.50	4.40	4.00
Managers	13.00	13.00	15.00	16.00	16.00	13.00	8.00	16.00	13.00	14.00
Custodians	25.00	27.50	27.50	26.76	27.63	25.63	26.63	25.00	23.00	24.00
Skilled Craftsmen	20.00	20.00	17.00	17.00	14.00	15.00	17.00	16.00	16.00	16.00
Security Guards	5.00	3.00	9.00	8.00	6.53	7.00	4.00	4.00	3.00	5.00
Bus Drivers	30.00	30.00	42.00	40.00	37.35	35.17	35.61	36.79	40.50	45.10
Bus Aides	7.00	7.50	7.50	7.50	6.17	5.75	5.20	5.92	5.40	5.28
Total Business Support Services	111.50	112.50	128.50	124.76	120.18	116.30	108.69	114.21	112.30	119.38
Central Support Services:										
Administrators	4.00	4.00	4.00	1.00	1.00	1.00	1.00	-	-	-
Coordinators	1.00	1.00	1.00	-	-	-	-	-	-	-
Secretaries	4.00	2.00	0.50	0.50	0.50	0.50	0.50	0.50	0.40	1.00
Assistants	1.00	1.00	3.00	3.00	3.00	4.00	3.00	3.00	3.00	3.00
Technology Technicians	10.00	10.00	10.50	9.00	8.00	9.50	6.00	8.00	10.00	8.00
Registrar	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Managers	1.00	1.00	1.94	3.00	1.80	0.80	0.80	0.80	1.60	1.60
Total Central Support Services	22.00	20.00	21.94	17.50	15.30	16.80	12.30	13.30	16.00	14.60
Community Services:										
Managers	-	-	-	-	4.00	4.00	3.00	4.00	-	-
Coordinators	-	-	-	-	-	1.00	1.00	1.00	1.00	1.00
Aides	-	-	-	-	0.80	1.67	1.00	-	-	-
Group Leaders	-	-	-	-	2.29	2.50	2.20	1.17	-	-
Total Community Support Services	-	-	-	-	7.09	9.17	7.20	6.17	1.00	1.00
Business-Type Activities:										
Food Service*										
Secretaries	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Supervisors	12.00	12.00	9.00	9.00	9.00	9.00	9.00	9.00	10.00	14.00
Managers	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assistants	23.00	23.00	20.00	20.00	18.00	22.00	16.00	18.00	18.00	19.00
Total Food Service	39.00	39.00	33.00	33.00	31.00	35.00	29.00	31.00	32.00	37.00
Total	731.50	693.00	683.79	676.55	680.30	650.51	603.34	644.11	667.87	670.14

Source: School District Financial Records

*Food service is based on head count and not FTE.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
OPERATING INFORMATION
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30,
(UNAUDITED)

Fiscal Year	District Membership (1)	Funded Pupil Count (2)	Cost Per Enrollee	% Membership Free Lunch (3)	% Membership Reduced Lunch (3)	Student Teacher Ratio
2018	6,914.0	6,424.5	\$ 9,411.46	6.87%	2.83%	21.27
2017	6,719.0	6,265.0	9,154.70	5.61%	2.44%	21.20
2016	6,343.0	5,912.0	9,403.87	8.17%	3.22%	20.62
2015	6,207.0	5,805.0	9,450.69	6.28%	2.48%	20.07
2014	6,275.0	5,846.5	9,070.44	6.94%	2.58%	19.81
2013	6,153.0	5,739.5	8,471.94	7.03%	2.93%	21.80
2012	6,076.0	5,639.0	8,813.11	7.95%	3.63%	22.30
2011	5,977.0	5,591.0	9,546.21	7.44%	2.59%	21.09
2010	5,950.0	5,606.0	9,455.02	5.71%	2.86%	18.56
2009	5,817.0	5,555.5	10,527.18	5.05%	2.87%	17.53

Source: School District Financial Records, Colorado Department of Education Website

(1) - District Membership reflects October count of year indicated (not funded pupil count). Includes Monument Academy and preschoolers.

(2) - Reflects FTE recorded on CDE Count Day. This includes Monument Academy.

(3) - Free and Reduced Lunch numbers include Monument Academy. Equate to total qualified / District Membership.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
CAPITAL ASSETS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30,
(UNAUDITED)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Instruction	\$ 133,227,266	\$ 132,088,885	\$ 131,502,246	\$ 131,129,649	\$ 130,100,801	\$ 129,479,180	\$ 129,381,844	\$ 129,020,341	\$ 128,796,143	\$ 127,456,207
Supporting Services	2,867,944	2,867,944	2,867,944	2,825,054	2,522,161	2,825,054	2,825,054	3,005,034	2,999,848	2,969,601
Business Support Services	716,838	661,418	661,418	602,670	-	-	-	-	-	-
Central Support Services	11,804,259	11,762,287	11,650,746	11,157,637	11,046,089	10,946,454	10,773,605	10,704,148	10,691,061	10,283,304
Business-Type Activities:										
Food Service	-	-	-	-	527,137	468,009	451,586	430,902	430,902	465,002
Total	\$ 148,616,307	\$ 147,380,534	\$ 146,682,354	\$ 145,715,010	\$ 144,196,188	\$ 143,718,697	\$ 143,432,089	\$ 143,160,425	\$ 142,917,953	\$ 141,174,114

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
SCHEDULE OF INSURANCE IN FORCE
YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Company	Policy Number	Policy Period		Coverage	Liability Limits	Deductibles	Annual Premium
		From	To				
Colorado School District Self Insurance Pool	2138-13-00139	7/1/2017	6/30/2018	School Entity Liability (SEL)	\$ 2,000,000/ \$5,000,000) aggregate	\$0	\$55,661
				Includes General Liability, Errors and Omissions and Employment Liability Coverages			
				Also includes sublimited coverage for Employee Benefits Liability Coverage		Same as SEL	Included
	Same as Above			Property Coverage		\$1,000	\$145,761
				Flood (except for property in Zone A)	\$1,000,000/per occ.		
				Earth Movement	100,000,000		
				Ordinance or Law	25,000,000		
				Demolition Costs and Debris Removal	15,000,000		
				Building and Contents			
				Inland Marine			
				Computer Equip/Software			
				Musical Instruments			
				Audio Visual/Cameras			
				Radio and TV Antennas			
				Signs			
				Fine Arts			
				District Owned Contractor Equipment			
				Valuable Papers			
				Auto Physical Damage (APD)	Per Vehicle Schedule	\$500	
				Auto Terminal Coverage	Per Vehicle Schedule	\$500/\$1,000	
				Garage Operations Coverage	No Coverage	No Coverage	No Coverage
				Builders Risk Extension - Property			
	Same as Above			Boiler/Machinery (B/M)	\$250,000,000	\$1,000	\$14,806
				Extra Expense	Included	Included	Included
				Food Spoilage	\$100,000,000	Same as B/M	Included
	Same as Above			Business Auto Liability	\$1,000,000		\$66,383
				Auto Medical Payment Coverage	\$ 5,000 per person	\$0	
	Same as Above			Primary Crime Coverage	\$100,000	\$500	\$779
National Union Fire Insurance				Excess Crime Coverage	\$500,000	Included Above	\$0
Union Insurance Company/ Illinois Union Insurance Company	UST G2469663 008 / PPL G23794305 013	4/1/2018	4/1/2019	Pollution Liability / Storage Tank	\$1,000,000	\$10,000	\$15,465
Pinnacol Assurance	4071361	7/1/2017	6/30/2018	Workers' Compensation			\$245,308
Kaiser HMO	0008	7/1/2017	6/30/2018	CEBT HMO			
UMR EPO4	0008	7/1/2017	6/30/2018	CEBT EPO5			
UMR PPO6	0008	7/1/2017	6/30/2018	CEBT PPO6			
Dental	0008	7/1/2017	6/30/2018	CEBT Dental			
Life Insurance	0008	7/1/2017	6/30/2018	CEBT Life Insurance			
Vision Service Plan	0008	7/1/2017	6/30/2018	CEBT VSP			

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
SCHOOL BUILDING INFORMATION
LAST TEN YEARS
YEAR ENDED JUNE 30,
(UNAUDITED)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Elementary										
Palmer Lake Early Education Center* (1972)										
Square Feet	2585	2585	2585	2585	2585	2585	2585	2585		
Capacity	64	64	64	64	64	64	64	64		
Original Design Capacity	64	64	64	64	64	64	64	64		
PK-12 Enrollment	31	33	33	46	26	30	33	52		
Lewis Palmer (1972)										
Square Feet	51281	51281	51281	51281	51281	51281	51281	51281	51281	51281
Capacity	425	425	475	475	475	475	475	475	475	475
Original Design Capacity ***	600	600	600	600	600	600	600	600	600	600
PK-12 Enrollment	462	428	421	422	420	420	424	434	458	429
Grace Best (1955)										
Square Feet										63195
Capacity										575
PK-12 Enrollment										514
Bear Creek (formerly Creekside)										
Square Feet	134664	134664	134664	134664	134664	134664	134664	134664	134664	
Capacity	900	900	925	925	925	925	925	925	925	
Original Design Capacity ***	900	900	900	900	900	900	900	900	900	
PK-12 Enrollment	924	920	896	852	864	870	774	715	666	
Palmer Lake (1934)										
Square Feet	47314	47314	47314	47314	47314	47314	47314	47314	47314	47314
Capacity	425	425	425	425	425	425	425	425	425	425
Original Design Capacity	450	450	450	450	450	450	450	450	450	450
PK-12 Enrollment	334	360	316	303	305	322	306	321	377	331
Prairie Winds (2001)										
Square Feet	53711	53711	53711	53711	53711	53711	53711	53711	53711	53711
Capacity	400	400	450	450	450	450	450	450	450	450
Original Design Capacity	465	465	465	465	465	465	465	465	465	465
PK-12 Enrollment	367	370	395	365	372	364	383	363	369	308
Ray Kilmer (1998)										
Square Feet	50087	50087	50087	50087	50087	50087	50087	50087	50087	50087
Capacity	375	375	425	425	425	425	425	425	425	425
Original Design Capacity	575	575	575	575	575	575	575	575	575	575
PK-12 Enrollment	393	384	336	344	349	372	393	385	386	331
Home School Academy**										
Square Feet	40000	40000	40000	40000	40000	40000	40000	40000		
Capacity	200	200	200	200	200	200	200	200		
K-6 Enrollment	110	67	74	81	64	60	51			
Middle										
Lewis Palmer (1994)										
Square Feet	117265	117265	117265	117265	117265	117265	117265	117265	117265	117265
Capacity	850	850	850	850	850	850	850	850	850	850
Original Design Capacity	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
PK-12 Enrollment	888	865	836	796	794	807	809	815	822	758
Creekside (2001)										
Square Feet										134664
Capacity										925
Original Design Capacity										1000
PK-12 Enrollment										543
Home School Academy**										
Square Feet	40000	40000	40000	40000	40000	40000				
Capacity	200	200	200	200	200	200				
7-8 Enrollment	19	17	22	19	20	10				
High School										
Lewis Palmer (1978)										
Square Feet	216916	216916	216916	216916	216916	216916	216916	216916	216916	216916
Capacity	1388	1388	1388	1450	1450	1450	1450	1450	1450	1450
Original Design Capacity	1388	1388	1388	1388	1388	1388	1388	1388	1388	1388
PK-12 Enrollment	1144	1064	1046	1006	998	1030	959	943	910	1161
Palmer Ridge (2007)										
Square Feet	220000	220000	220000	220000	220000	220000	220000	220000	220000	220000
Capacity	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Original Design Capacity	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
PK-12 Enrollment	1223	1181	1185	1156	1107	1095	1105	1123	1131	824
Charter School / Non-District Facilities										
Monument Academy Charter K-8										
Square Feet	85000	85000	85000	85000	85000	85000	85000	85000	85000	85000
Capacity	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
PK-12 Enrollment	1000	1014	1021	953	888	895	916	925	858	751
PK-12 Students Enrolled in Non-District Facilities	26	16	14	13	15	15	11	14	11	15
Total Count	6921	6719	6595	6356	6222	6290	6164	6090	5988	5965

Source: Colorado Department of Education website, CSDSIP (Colorado School District Self Insurance Pool), District Records.
 Note: Capacities were adjusted in 2017 primarily due to an increase in rooms reallocated to serve special populations such as exceptional needs students.
 These rooms are used by the students in addition to their assigned classrooms.

*Counted as a part of Palmer Lake Elementary School enrollment on CDE reports.

**Counted as a part of Bear Creek / Lewis Palmer Middle School enrollment on CDE reports; the Home School Academy is housed in the "newer part of Grace Best" along with robotics, and our transitions students.

*** Originally built as a middle school.

COMPLIANCE SECTION

SINGLE AUDIT



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

Board of Education
El Paso County School District #38 – Lewis-Palmer
Monument, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of El Paso County School District #38 – Lewis-Palmer (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 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of 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 on 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Broomfield, Colorado
November 20, 2018



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

Board of Education
El Paso County School District #38 – Lewis-Palmer
Monument, Colorado

Report on Compliance for Each Major Federal Program

We have audited El Paso County School District #38 – Lewis-Palmer's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of El Paso County School District #38 – Lewis-Palmer's major federal programs for the year ended June 30, 2018. El Paso County School District #38 – Lewis-Palmer's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of El Paso County School District #38 – Lewis-Palmer's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about El Paso County School District #38 – Lewis-Palmer's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of El Paso County School District #38 – Lewis-Palmer's compliance.

Opinion on Each Major Federal Program

In our opinion, El Paso County School District #38 – Lewis-Palmer complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of El Paso County School District #38 – Lewis-Palmer is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered El Paso County School District #38 – Lewis-Palmer’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of El Paso County School District #38 – Lewis-Palmer’s internal control over compliance.

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

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

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



CliftonLarsonAllen LLP

Broomfield, Colorado
November 20, 2018

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Education			
Impact Aid	4041	84.041	\$ 4,417
Passed through the Colorado Department of Education			
Special Education Cluster			
Special Education	4027	84.027	925,441
Special Education Preschool	4173	84.173	<u>13,543</u>
Total Special Education Cluster			<u>938,984</u>
Title I	4010	84.010	225,255
Title IV Part A	4424	84.424	9,406
English Language Acquisition	4365/7365	84.365	14,800
Improving Teacher Quality	4367	84.367	69,121
Perkins/DECA Grant	4048	84.048	<u>14,537</u>
Total U.S. Department of Education			<u>1,276,520</u>
U.S. Department of Agriculture			
Child Nutrition Cluster			
Passed through the Colorado Department of Human Services			
Donated Commodities	4555	10.555	60,537
Passed through the Colorado Department of Education			
School Breakfast Program	4553	10.553	21,154
National School Lunch Program	4555	10.555	173,873
Special Milk Program for Children	4556	10.556	<u>11,325</u>
Total Child Nutrition Cluster			266,889
Total U.S. Department of Agriculture			<u>266,889</u>
Total Federal Financial Assistance			<u>\$ 1,543,409</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

NOTE 1 BASIS OF ACCOUNTING

The schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources. Encumbrances are used during the year for budgetary control purposes and lapse at fiscal year-end.

NOTE 2 NONCASH PROGRAMS

Commodities donated to the District by the U.S. Department of Agriculture (USDA) are valued based on the September 2017 USDA's Donated Commodity Price List and by values provided by the USDA. The commodities are recognized as revenue and expenses when received and are reported as part of the National School Lunch Program (\$60,537).

NOTE 3 INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 SUBRECIPIENTS

The District did not have subrecipients of federal awards for the year ended June 30, 2018.

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.027 & 84.173	Special Education Cluster (IDEA)

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

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

EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 20, 2018**

El Paso County School District #38 – Lewis-Palmer respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2018.

The findings from the prior audit's schedule of findings and questioned costs are discussed below.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

There were no federal award program audit findings in the prior year.

STATE COMPLIANCE SECTION

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
AUDITORS' INTEGRITY REPORT
YEAR ENDED JUNE 30 2018**



**Colorado Department of Education
Auditors Integrity Report
District: 1080 - LEWIS-PALMER 38
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	10,026,012	50,113,738	49,806,133	10,333,617
18 Risk Mgmt Sub-Fund of General Fund	394,082	562,622	602,387	354,317
19 Colorado Preschool Program Fund	0	185,427	185,427	0
Sub- Total	10,420,094	50,861,787	50,593,947	10,687,934
11 Charter School Fund	1,717,342	7,306,747	7,232,525	1,791,564
20,26-29 Special Revenue Fund	0	208,819	208,819	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	612,365	1,745,110	1,645,493	711,982
22 Govt Designated-Purpose Grants Fund	0	1,847,794	1,847,794	0
23 Pupil Activity Special Revenue Fund	226,209	520,082	473,289	273,002
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	152,273	2,283,868	2,309,940	126,202
31 Bond Redemption Fund	6,254,367	6,679,376	6,598,246	6,335,497
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	733,776	248,340	0	982,116
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	326,901	1,580,811	1,602,155	305,556
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	20,443,327	73,282,735	72,512,209	21,213,853
Proprietary				
50 Other Enterprise Funds	3,360,367	-940,338	926,587	1,493,442
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	3,360,367	-940,338	926,587	1,493,442
Fiduciary				
70 Other Trust and Agency Funds	325,399	496,728	453,098	369,029
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	973,966	1,911,629	1,642,161	1,243,435
79 GASB 34/Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	1,299,365	2,408,357	2,095,259	1,612,464

FINAL