

**EL PASO COUNTY SCHOOL DISTRICT #22
ELLICOTT, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORTS**

**FOR THE YEAR ENDED
JUNE 30, 2019**

EL PASO COUNTY SCHOOL DISTRICT #22
ROSTER OF SCHOOL OFFICIALS

Year Ended June 30, 2019

BOARD OF EDUCATION

President - Jackie Chambers

Vice President - Jody Wilson

Treasurer - Matt Amendt

Secretary – Chris Jones

Director – Becky Netelli

ADMINISTRATIVE STAFF

Chris Smith - Superintendent of Schools

Kimberly Ekberg – Business Manager

EL PASO COUNTY SCHOOL DISTRICT #22

TABLE OF CONTENTS

	<u>PAGE</u>
Table of Contents	
Roster of School Officials	
FINANCIAL SECTION	
Management’s Discussion and Analysis (Required Supplementary Information - Unaudited)	M1 – M8
Independent Auditors’ Report	1 - 3
Basic Financial Statements	
<u>Government-Wide Financial Statements</u>	
Statement of Net Position	4
Statement of Activities	5
<u>Fund Financial Statements</u>	
Balance Sheet - Governmental Funds	6
Reconciliation of Governmental Fund Balances to Governmental Activities Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8
Reconciliation of Governmental Changes in Fund Balances to Governmental Activities Changes in Net Position	9
Statement of Fiduciary Net Position	10
<u>Notes to Financial Statements</u>	11 - 42
REQUIRED SUPPLEMENTARY INFORMATION – PENSION and OPEB SCHEDULES (Unaudited)	
Schedule of the District’s Proportionate Share of the Net PERA Pension Liability	43
Schedule of District PERA Pension Contributions	44
Schedule of the District’s Proportionate Share of the Net OPEB Pension Liability	45
Schedule of District OPEB Contributions	46

EL PASO COUNTY SCHOOL DISTRICT #22

TABLE OF CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION	<u>PAGE</u>
Budgetary Comparison Schedule for the General Fund	47 - 50
Budgetary Comparison Schedule for the Food Service Fund	51
Other Supplementary Information	
<u>Debt Service Fund</u>	
Bond Redemption Fund - Statement of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	52
<u>Capital Projects Fund</u>	
Capital Reserve Fund - Statement of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	53
<u>Trust and Agency Funds</u>	
Pupil Activity Fund - Schedule of Revenues, Expenses and Changes in Fiduciary Net Position	54
State Compliance	
Auditors Integrity Report	55
Bolded Balance Sheet Report	56 - 58

FINANCIAL SECTION

INTENTIONALLY LEFT BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information - Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI) June 30, 2019.

The management of El Paso County School District # 22 (the "District") offer you, the readers of this Annual Financial Report, this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, budgetary comparison schedules and additional supplementary information to broaden their understanding of the District's financial performance.

Financial Highlights

- While the District's net position is (\$947,291), it is important to point out that the District general fund ending balance of \$2,643,175 in the general fund, puts us right at the 3 month reserve. The District's goal is to keep working on building reserves back up to 4 months.
- The district had a committed fund balance for capital projects in the Capital Reserve Fund of \$716,162. The district received the BEST and SAFER school grants. These grants have helped in securing our schools, building a high wind shelter for the elementary, and to help with plumbing issues at the high school.
- The board has approved a transfer from the general fund to food service in the 2018-2019 budget to ensure that food service is not reported as having a deficit .
- The District's Governmental Funds fund balance increased by \$922,111 to an ending fund balance of \$4,231,853 This increase is primarily attributable to the increase in state shares and student count, valuation of property.
- The Governmental Funds reported combined unassigned fund balance of \$2,224,116 representing 20% of total governmental expenditures.

Using the Basic Financial Statements

This discussion and analysis serves as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components:

- 1) government-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.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. They consist of two statements:

The **statement of net position** presents information on all the District's assets, liabilities and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of changes in the financial position of the District. Current and previous year information is presented for comparison.

The **statement of activities** presents information reporting how the District's net position changed during fiscal year 2019. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. Earned but unused vacation leave and uncollected taxes are examples of these types of items.

The governmental activities of the District include instruction, pupil activities, instructional support, general and school administration, business and central services, food service and transportation.

Governmental Activities – The majority of the District's programs and services are reported here including instruction, support services, operations and maintenance of plant, pupil transportation, food service and extracurricular activities.

A condensed summary of the District's net position is as follows:

TABLE 1 - CONDENSED STATEMENT OF NET POSITION

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Current Assets and Other Assets	\$ 5,920,037	\$ 4,390,276
Capital Assets	<u>22,982,412</u>	<u>23,966,847</u>
Total Assets	<u>28,902,449</u>	<u>28,357,123</u>
Deferred Outflows of Financial Resources	<u>7,590,915</u>	<u>12,480,549</u>
Current Liabilities	1,694,005	1,052,412
Long-Term Liabilities	<u>19,348,097</u>	<u>40,228,277</u>
Total Liabilities	<u>21,042,102</u>	<u>41,280,689</u>
Deferred Inflows of Financial Resources	<u>16,398,553</u>	<u>3,589,533</u>
Net Investment in Capital Assets	7,368,595	7,942,736
Restricted Net Position	1,291,268	1,213,494
Unrestricted Net Position	<u>(9,607,154)</u>	<u>(13,188,780)</u>
Total Net Position	<u>\$ (947,291)</u>	<u>\$ (4,032,550)</u>

A condensed summary of the District's net activities is as follows:

TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Program Revenues:		
Charges for Services	\$ 256,315	\$ 250,542
Operating Grants	2,005,883	1,502,899
Capital Grants	<u>169,862</u>	<u>360,470</u>
Total Program Revenues	<u>2,432,060</u>	<u>2,113,911</u>
General Revenues:		
Property Taxes	1,154,098	1,292,875
State Equalization	7,834,382	7,280,827
Other Revenues	134,465	147,313
Insurance Proceeds	<u>6,133</u>	<u>1,535</u>
Total General Revenues	<u>9,129,078</u>	<u>8,722,550</u>
Total Revenues	<u>11,561,138</u>	<u>10,836,461</u>
Expenses		
Instruction	4,162,271	10,303,574
Supporting Services	4,239,373	7,561,811
Interest Expense	<u>74,235</u>	<u>77,702</u>
Total Expenses	<u>8,475,879</u>	<u>17,943,087</u>
Change in Net Position	3,085,259	(7,106,626)
Net Position - Beginning	<u>(4,032,550)</u>	<u>3,074,076</u>
Net Position - Ending	<u><u>\$ (947,291)</u></u>	<u><u>\$ (4,032,550)</u></u>

Fund Financial Statements

A *fund* is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All District funds can be divided into two categories: governmental funds and fiduciary funds.

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

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

The District maintained four individual governmental funds for fiscal year 2019. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for:

- 1) the General Fund (including preschool operation),
- 2) the Food Services Fund and
- 3) the Capital Projects Fund and
- 4) the Bond Redemption Debt Service Fund.

All 4 are considered *major funds*.

As of June 30, 2019, the District's governmental funds reported a combined fund balance of 4,231,853 compared to June 30, 2018 of \$3,309,742 , which is an increase of \$922,111. The following is additional information by fund which contributed to the change.

General Fund: Overall inflows exceeded outflows in General Fund by \$663,901. The school district has been focused on budgeting conservatively. The District is trying to build reserves backup to a healthy level. In addition, we were able to receive some additional funding that we lost out on in prior years due to not getting the audit submitted in a timely manner. For instance, we received the high cost special education reimbursement that we lost out in prior years and therefore did not budget. In addition, unaccounted for cash differences and the issues we have been having with our bank recs and software have been identified and fixed. The finance department has worked hard on fixing bank recs in AptaFund and will be at a \$0 difference going into 2019-2020. Moving forward, the district will be sure to work with CDE to ensure that the district consolidated program is designated as a schoolwide program, The district's goal is to get to a 4 month reserve in general fund.

Capital Projects: Overall inflows exceeded outflows in the Capital Project Fund by \$253,729, increasing the ending Fund Balance to \$834,712. The District secured the Safer School grant to help with capital projects to secure our entryways. In addition, the District secured the best grant to help with some much needed upgrades to address safety and soundness. Moving forward, the district will build a contingency reserve in capital projects to avoid budget violations and to help absorb any unforeseen costs.

Bond Redemption Fund: During the year, Bond Redemption Fund outflows exceed inflows by \$8,151, leaving an ending Fund Balance of \$741,334 down from \$749,485 in 2018. Due to a steady increase in assessed valuation the district decreased the impact by lowering the mill levy in December of 2018. The District will continually evaluate methods to spend down the bond redemption fund while lowering mill levies until the payment levels out and the 2011 bond is paid in full.

Food Service Fund: For the year ended June 30, 2019, Food Service Fund had a deficiency of \$9,678 in which general fund subsidized. The District will continue to monitor and budget for transfers from the general fund to cover the deficit if cost savings are not sufficient. Moving forward, the district will build a contingency reserve in food service to avoid budget violations and to help absorb any unforeseen costs.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available for the support of the District's own programs. The Pupil Activity Fund is an example of this type of fund.

Debt Administration

As of June 30, 2019, the District had total outstanding long-term debt as follows:

	Balance July 1 2018	Advances	Payments	Balance June 30 2019	Current Portion	Interest Expense
Series 2011 General Obligation Bonds	\$ 1,848,448	\$ -	\$ 100,234	\$ 1,748,214	\$ 104,362	\$ 73,713
PERA Net Pension Liability	37,395,586	-	-	16,737,634	-	-
OPEB Net Liability	853,950	-	18,007	835,943	-	-
Copier Capital Lease	11,418	-	2,142	9,277	2,251	523
Accrued Compensated Absences	118,875	-	101,845	17,030	-	-
Totals	\$ 40,228,277	\$ -	\$ 222,228	\$ 19,348,098	\$ 106,613	\$ 74,236

During the year, the District made all of its scheduled debt payments. Additional information related to the District's debt can be found in Note 6 to the financial statements. Additional information about the District's pension plan can be found in Note 9 and 11.

Capital Assets

As of June 30, 2019, the District's Governmental Activity had capital assets of \$9,126,086 invested in a broad range of assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deletions, and depreciation) of \$676,516 from last year. This is a result of normal depreciation of existing assets in the amount of \$477,325 from last year offset by current acquisitions. The District does not maintain separate infrastructure assets as the entire infrastructure has been included with the related capital asset.

TABLE 3 - GOVERNMENT ACTIVITIES CAPITAL ASSETS

	Balance July 1 2018	Additions	Deletions	Balance June 30 2019
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 392,261	\$ -	\$ -	\$ 392,261
Construction in Progress	-	200,635	-	200,635
Total Capital Assets Not Being Depreciated	<u>392,261</u>	<u>200,635</u>	<u>-</u>	<u>592,896</u>
Capital Assets Being Depreciated:				
Land Improvements	1,722,447	-	47,909	1,674,538
Buildings and Improvements	15,907,352	144,461	4,634,597	11,417,216
Transportation Equipment	1,624,053	33,215	-	1,657,268
Food Service Equipment	55,979	-	-	55,979
Other Equipment	370,595	-	30,837	339,758
Total Capital Assets Being Depreciated	<u>19,680,426</u>	<u>177,676</u>	<u>4,713,343</u>	<u>15,144,759</u>
Less: Accumulated Depreciation				
Land and Improvements	(719,834)	(61,631)	(20,120)	(761,345)
Buildings and Improvements	(8,551,593)	(313,512)	(4,085,670)	(4,779,435)
Transportation Equipment	(752,453)	(74,188)	-	(826,641)
Food Service Equipment	(17,594)	(3,564)	-	(21,158)
Other Equipment	(228,612)	(24,429)	(30,051)	(222,990)
Total Accumulated Depreciation	<u>(10,270,086)</u>	<u>(477,324)</u>	<u>(4,135,841)</u>	<u>(6,611,569)</u>
Net Governmental Capital Assets	<u>\$ 9,802,601</u>	<u>\$ (99,013)</u>	<u>\$ 577,502</u>	<u>\$ 9,126,086</u>

General Fund Budget

The Board of Education adopts the District's budget in June of each year. If needed, changes are then made in January based on the final October student enrollment. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional inflows are received. Program funding is based upon student enrollment on October 1st of each year. This per pupil funding is a combination of Property Tax, State Equalization, and Specific Ownership Tax. Because these factors are not known in June when the budget is adopted, the portion of inflow from each source is not known until the following January.

The District's actual revenues were \$128,586 over the revised budget amount. This is primarily due to the conservative approach of predicting student enrollment and state share per pupil funding, with the end goal in mind of building a healthy reserve back up. General Fund expenditures were \$559,444 under the revised budget amount.

Economic Factors and Next Year's Budget

Going into the FY 2019-2020, the Ellicott School District again budgeted conservatively. The budget was built on the estimated of 1,076 students at \$8600 per student = \$9,253,600. The actual state share, as of October 1, 2019 was 1087.5 funded students at \$8,861.51= \$9,636,892.10, which was an increase of 11.5 fully funded students from the previous year, equaling \$101,907.36 . Although not as much as we

believe is necessary, it is a step in the right direction. We continue to have faith that the legislation will do everything they can to rectify the issue of the budget stabilization factor and provide measures to protect public education in case of a predicted recession. The student population ranges from stable to increased growth, which are both positive. The slight growth did remove us from benefiting from the small rural category, but the fully funded kindergarten legislation helped with the adjustment to a large rural district category.

In anticipation of issues which will impact next year's budget, the following are high on that list.

- Increasing the district's state designated accreditation status. While secondary students increased slightly in their School Performance Frameworks, our elementary students lost 10 points. The restructuring of the administration, may have benefitted us financially, but seems to have hurt us in the area of instructional leadership experience. Two proven strategies to increase scores is to reduce class sizes and decrease the turn-over rate in teaching staff. We will continue to struggle in increasing the teaching staff to educate the increasing at-risk student population that continues to remain above the state average in the areas of special education (12%), the free and reduced count (63%), and the English Language Learner (13%). To exceed the state average in growth and achievement we have to build capacity to support these at-risk subgroups, because this is where we see the biggest achievement gaps. A constant high turnover rate has a huge impact on this. Our district has 67 certified teachers, counselors, and administrators. Of that 67 staff members, 45 of them are in the 1-3 year range of being in our district. This is 67% of the staff that impacts student achievement and growth. Attracting and retaining high quality educators is very competitive in the State of Colorado and our rural school district can't match the nearby bigger districts in salary and benefits as was demonstrated this past year by not being able to fill all of our teaching positions.
- In regards to district facilities, the focus has been shifted to securing the elementary and high school. Although we were unable to get approved a bond from our tax payers, we were able to apply for and receive the SAFER Schools Distribution Grant and the BEST Grant. Securing these two grants allowed us to begin construction in hardening our entryways at the elementary and high school, it allowed for plumbing and sewer issues to be fixed at the high school and it also allowed us to add on a high wind shelter at the elementary school. These projects allowed these 2, 20+ year old buildings to get a face lift, while at the same time addressing much needed improvements in safety and security. We continue to seek partnerships to secure grants and funding to upgrade our athletic facilities and fields for our student athletes. These partnerships include but are not limited to the Ellicott Metro Athletic District, Pikes Peak BOCES, El Paso County Sheriff's Department, El Paso County and Schriever Air Force Base. Schriever Air Force Base remains very important part of the District's growth model and proves to be a great asset to the District as a whole. The District will continue building upon the great relationship with Schriever Air Force Base and others. This is going to be crucial if we are to keep up with the oncoming urban sprawl east towards our community.
- Providing opportunity for our students to compete not just locally, nationally and world-wide is a priority. This means a higher cost to the district as students register in pre-collegiate programs and begin their post secondary steps to becoming citizens. In the rural setting the only way to provide these opportunities is to have partnerships with UCCS and PPCC for higher academics and to seek vocational opportunities with surrounding businesses.

How well the district is able to meet the challenge of providing facilities and staffing will be determined by the growth factor - a critical component of which will be the amount of housing and commercial growth that occurs. The Colorado Legislators have to be able to find a way to address the underfunding to public education.

The negative factor and unfunded PERA liability continue to have a tremendous impact on our district budget. The moving trend to charter and choice schools also implies that we must find a way to market ourselves to attract new families to us, while maintaining our relationships with our existing community and families. The expectation to provide a fine dining experience on government rations, is an enormous task.

Ellicott is one of the few rural districts in the state that has remained the same if not slightly increased in enrollment. As El Paso County relies on the military, so does the school district with Schriever Air Force Base. Any sequester in Federal Programs will have a negative impact on the Ellicott School District. A 'need-based' funding method would greatly benefit the Ellicott School District with its large percentage of at-risk youth.

In Fiscal Year 2018 - 2019, the District has already begun to recover from the leadership change that occurred. The District will continue to find ways to restructure for efficiency and effectiveness, and avoid deficit spending. We are in year 3 of a 3 year process to balance the budget and rebuild reserves in accordance with the State of Colorado guidelines. We have reached this goal in being able to accomplish this. The board continues towards a goal of accumulating four to five months of operating reserves. This is to be coupled with required TABOR reserves, Emergency reserves and a suggested non-appropriated reserve, while insurance premiums continue to skyrocket. Our relationship with state and federal agencies continue to grow as the District complies with the ever increasing mandates.

The district leadership continues to anticipate the future with enthusiasm. We must continue to move forward toward improved student learning achievement.

Requests for Information

This financial report is designed to provide a general overview of the El Paso County School District # 22's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Chris Smith, ESD22 Superintendent or Kimberly Ekberg, ESD22 Business Manager, 322 South Ellicott Highway, Ellicott, Colorado 80808.

Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Education
El Paso County School District # 22
Ellicott, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the El Paso County School District # 22, Colorado, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, 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 the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 controls. 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, each major fund, and the aggregate remaining fund information of the El Paso County School District # 22, Colorado, as of June 30, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the El Paso County School District # 22's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 12, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 – M8, pension and other post-employment benefit schedules on pages 43-46 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.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 47-50 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. In addition, the schedules on pages 51 - 54 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports pages 55 - 58 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019 on our consideration of the El Paso County School District # 22's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering El Paso County School District # 22s internal control over financial reporting and compliance.

Mayberry + Company, LLC

Englewood, CO
November 15, 2019

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all government-wide and fund level activity as of June 30, 2019.

EL PASO COUNTY SCHOOL DISTRICT #22
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Investments	\$ 4,640,471
Restricted Cash and Investments	816,701
Cash with Fiscal Agent	14,784
Taxes Receivable	49,746
Interfund Accounts Receivable	252,015
Grants Receivable	111,927
Other Accounts Receivable	22,068
Inventory	12,325
Total Current Assets	<u>5,920,037</u>
Noncurrent Assets	
BEST Grant Receivable	13,856,327
Capital Assets, not being depreciated	592,896
Capital Assets, being depreciated	8,533,189
Total Noncurrent Assets	<u>22,982,412</u>
TOTAL ASSETS	<u>28,902,449</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Net Deferred Outflows Pensions	7,539,056
Net Deferred Outflows OPEB	51,859
TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>7,590,915</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 36,493,364</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	
LIABILITIES	
Current Liabilities	
Interfund Accounts Payable	\$ 252,015
Accounts Payable	279,884
Retainage Payable	7,003
Accrued Interest	5,821
Accrued Salaries & Benefits	564,926
Payroll Taxes & Deductions Payable	403,799
Unearned Revenue	3,549
Unearned Grant Revenue	177,008
Total Current Liabilities	<u>1,694,005</u>
Noncurrent Liabilities	
Due Within One Year	106,613
Due In More Than One Year	19,241,484
Total Noncurrent Liabilities	<u>19,348,097</u>
TOTAL LIABILITIES	<u>21,042,102</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Net Deferred Inflows Pensions	16,306,679
Net Deferred Inflows OPEB	91,874
TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES	<u>16,398,553</u>
NET POSITION	
Net Investment in Capital Assets	7,368,595
Restricted Net Position	1,291,268
Unrestricted Net Position	(9,607,154)
TOTAL NET POSITION	<u>(947,291)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 36,493,364</u>

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

EL PASO COUNTY SCHOOL DISTRICT #22
 Balance Sheet
 Governmental Funds
 June 30, 2019
 (With Comparative Totals for June 30, 2018)

		<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
		<u>Bond</u>		
		<u>Food Service</u>	<u>Redemption</u>	<u>Capital Reserve</u>
	<u>General Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Project Fund</u>
ASSETS				
Cash and Investments	\$ 3,861,169	\$ 17,620	\$ -	\$ 761,682
Restricted Cash and Investments	-	-	816,701	-
Cash with Fiscal Agent	14,107	-	677	-
Taxes Receivable	42,458	-	7,288	-
Interfund Accounts Receivable	805	-	-	251,210
Grants Receivable	107,881	4,046	-	-
Other Accounts Receivable	8,980	10,130	-	2,958
Inventory	-	12,325	-	-
TOTAL ASSETS	<u>\$ 4,035,400</u>	<u>\$ 44,121</u>	<u>\$ 824,666</u>	<u>\$ 1,015,850</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities				
Interfund Accounts Payable	\$ 166,500	\$ -	\$ 83,332	\$ 2,183
Accounts Payable	103,661	4,271	-	171,952
Retainage Payable	-	-	-	7,003
Accrued Salaries & Benefits	553,140	11,786	-	-
Payroll Taxes & Deductions Payable	391,916	11,883	-	-
Unearned Revenue	-	3,549	-	-
Unearned Grant Revenue	177,008	-	-	-
Total Liabilities	<u>1,392,225</u>	<u>31,489</u>	<u>83,332</u>	<u>181,138</u>
Fund Balance				
Nonspendable Fund Balance	-	12,325	-	-
Restricted Fund Balance				
Restricted for Debt Service	-	-	741,334	-
Restricted for TABOR Emergency	323,000	-	-	-
Restricted for Colorado Preschool Program	96,059	-	-	-
Restricted for BEST Replacement Reserve	-	-	-	118,550
Committed Fund Balance				
Committed for Fund Purposes	-	307	-	716,162
Unassigned Fund Balance	2,224,116	-	-	-
Total Fund Balance	<u>2,643,175</u>	<u>12,632</u>	<u>741,334</u>	<u>834,712</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 4,035,400</u>	<u>\$ 44,121</u>	<u>\$ 824,666</u>	<u>\$ 1,015,850</u>

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

Totals

<u>2019</u>	<u>2018</u>
\$ 4,640,471	\$ 3,378,881
816,701	809,302
14,784	15,680
49,746	70,584
252,015	251,760
111,927	93,350
22,068	11,869
12,325	10,610
<u>\$ 5,920,037</u>	<u>\$ 4,642,036</u>
\$ 252,015	\$ 251,760
279,884	168,690
7,003	-
564,926	877,550
403,799	-
3,549	20,035
<u>177,008</u>	<u>14,259</u>
<u>1,688,184</u>	<u>1,332,294</u>
12,325	10,610
741,334	749,485
323,000	285,000
96,059	96,059
118,550	82,950
716,469	498,033
<u>2,224,116</u>	<u>1,587,605</u>
<u>4,231,853</u>	<u>3,309,742</u>
<u>\$ 5,920,037</u>	<u>\$ 4,642,036</u>

INTENTIONALLY LEFT BLANK

EL PASO COUNTY SCHOOL DISTRICT #22
Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2019

Fund Balance - Governmental Funds		\$ 4,231,853	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$ 592,896		
Capital assets, being depreciated	15,144,759		
Accumulated depreciation	<u>(6,611,570)</u>	9,126,085	
Certain long-term assets are not available to pay for current year expenditures and are therefore not reported in the funds			
Long-Term BEST Grant Receivable			13,856,327
Certain long-term pension and OPEB related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds			
PERA Pension			
Net pension deferred outflows	7,539,056		
Net pension liability	(16,737,634)		
Net pension deferred inflows	<u>(16,306,679)</u>	(25,505,257)	
PERA Health Care Trust Fund (OPEB)			
Net OPEB deferred outflows	51,859		
Net OPEB liability	(835,943)		
Net OPEB deferred inflows	<u>(91,874)</u>	(875,958)	
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Bonds payable	(1,748,214)		
Capital leases payable	(9,276)		
Accrued interest payable	(5,821)		
Accrued compensated absences	<u>(17,030)</u>	<u>(1,780,341)</u>	
Total Net Position - Governmental Activities			<u>\$ (947,291)</u>

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

EL PASO COUNTY SCHOOL DISTRICT #22
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

		<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Bond Redemption Fund</u>	<u>Capital Reserve Project Fund</u>
REVENUES				
Local Sources	\$ 1,181,194	\$ 136,258	\$ 166,450	\$ 67,112
Intermediate Sources	309	-	-	-
State Sources	8,723,720	12,218	-	477,780
Federal Sources	678,586	425,429	-	-
TOTAL REVENUES	<u>10,583,809</u>	<u>573,905</u>	<u>166,450</u>	<u>544,892</u>
EXPENDITURES				
Instruction	5,893,258	-	-	-
Pupil Support	204,979	-	-	-
Staff Support	230,604	-	-	-
General Administration	200,559	-	303	-
School Administration	742,132	-	-	-
Business Services	396,103	-	-	-
Operations and Maintenance	932,331	-	-	-
Transportation	824,982	-	-	-
Other Central Support	341,968	-	-	-
Risk Management	14,910	-	-	-
Food Service	-	570,951	-	-
Facilities	119,010	-	-	291,163
Other Uses	6,730	-	-	-
Debt Service	2,664	-	174,298	-
TOTAL EXPENDITURES	<u>9,910,230</u>	<u>570,951</u>	<u>174,601</u>	<u>291,163</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	673,579	2,954	(8,151)	253,729
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	-	-	-	-
Transfer In (Out) - net	(9,678)	9,678	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(9,678)</u>	<u>9,678</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	663,901	12,632	(8,151)	253,729
BEGINNING FUND BALANCE	1,979,274	-	749,485	580,983
ENDING FUND BALANCE	<u>\$ 2,643,175</u>	<u>\$ 12,632</u>	<u>\$ 741,334</u>	<u>\$ 834,712</u>

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

Totals

<u>2019</u>	<u>2018</u>
\$ 1,551,014	\$ 1,693,996
309	238
9,213,718	8,097,833
<u>1,104,015</u>	<u>1,044,394</u>
<u>11,869,056</u>	<u>10,836,461</u>
5,893,258	5,112,323
204,979	229,612
230,604	184,429
200,862	346,049
742,132	702,146
396,103	435,167
932,331	858,094
824,982	736,774
341,968	377,111
14,910	4,535
570,951	547,440
410,173	436,555
6,730	6,615
<u>176,962</u>	<u>174,655</u>
<u>10,946,945</u>	<u>10,151,505</u>
922,111	684,956
-	11,765
-	-
-	<u>11,765</u>
922,111	696,721
<u>3,309,742</u>	<u>2,613,021</u>
<u>\$ 4,231,853</u>	<u>\$ 3,309,742</u>

EL PASO COUNTY SCHOOL DISTRICT #22
Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2019

Change in Fund Balance - Governmental Funds		\$	922,111
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	\$	378,312	
Depreciation Expense		(477,324)	
Gain (Loss) on Asset Disposals		<u>(577,505)</u>	(676,517)
The long term BEST grant receivable was not recognized as revenue in the fund when the building was placed in service as it is not available to satisfy current obligations and is being amortized due to depreciation on the underlying building that is the basis of grant.			
Amortization of BEST grant receivable			(307,918)
Pension and OPEB expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.			
PERA Pension			
Change in deferred pension outflows		(4,912,131)	
Change in net pension liability		20,657,952	
Change in deferred pension inflows		<u>(12,806,870)</u>	2,938,951
PERA Health Care Trust Fund (OPEB)			
Change in deferred OPEB outflows		22,497	
Change in net OPEB liability		18,007	
Change in deferred OPEB inflows		<u>(36,444)</u>	4,060
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level			
Principal payments on bonds payable		100,234	
Principal payments on capital leases		2,142	
Change in accrued interest payable		351	
Change in accrued compensated absences		<u>101,845</u>	<u>204,572</u>
Change in Net Position - Governmental Activities		\$	<u><u>3,085,259</u></u>

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

EL PASO COUNTY SCHOOL DISTRICT #22
Statement of Fiduciary Net Position
Fiduciary Funds
Pupil Activity Fund
June 30, 2019
(With Comparative Totals for June 30, 2018)

	<u>Totals</u>	
	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Investments	\$ 112,777	\$ 118,515
NET POSITION		
Restricted Net Position (Due to Student Groups)	<u>\$ 112,777</u>	<u>\$ 118,515</u>

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

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of El Paso County School District # 22 (the District) conform to generally accepted accounting principles as applicable to governmental units. A summary of the more significant policies is described below.

Reporting Entity

In evaluating how to define the government for financial reporting purposes, the District's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Codification Section 2100 - *Defining the Financial Reporting Entity*.

Based upon the application of these criteria, no additional organizations are includable within the District's reporting entity.

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the District as a whole. The reporting information includes all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. the District did not have any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

Fund Financial Statements The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds would be aggregated and reported as non-major funds. The fiduciary funds are presented separately.

The District reports the following major governmental funds.

General Fund: This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Food Service (Special Revenue) Fund: The Food Service Fund accounts for the District's food service program.

Bond Redemption (Debt Service) Fund: This fund is used to account for the repayment of the District's general obligation indebtedness.

Capital Reserve Projects (Capital Project) Fund: This fund is used to account for the completion of major capital projects. The capital reserve activity is funded through elective transfers from the General Fund.

The District reports one fiduciary fund.

Pupil Activity (Agency) Fund: This fund is used to account for the money held in trust by the District for student organization and scholarships. This fund is custodial and does not measure the results of operations.

Measurement Focus and Basis of Accounting

Government-Wide, Proprietary and Fiduciary Fund Financial Statements

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available as allowed by the per pupil operating revenue formula approved by the State legislature or within sixty days after year-end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the Enterprise Fund which budgets on a cash basis. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year-end.

The District adheres to the procedures described below in establishing the budgetary data reflected in the financial statements.

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools 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. All budgets lapse at year-end.
- 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.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the Board of Education.
- Encumbrance accounting is not utilized.

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance

Cash and Investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest-bearing accounts which are comprised of certificates of deposit, savings accounts, and money market accounts that are legally authorized. Investments are stated at fair value.

Cash and Cash Equivalents – The government’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance (Continued)

Inventories

Inventory is valued at the lower of cost (first-in, first-out) or market.

Capital Assets

Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds. Property and equipment with a cost of \$5,000 or greater are considered capital assets.

Property and equipment acquired for the proprietary fund is capitalized in the fund.

Property and equipment are stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation has been provided over the estimated useful lives of the asset in the government-wide presentation as well as in the proprietary fund. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and Site Improvements	10 - 75 years
Vehicles and Other Equipment	10 - 30 years

Vacation, Sick Leave, and Other Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid. As all employees are contracted to work a set number of days during a year; no vacation accrual accumulates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports 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. The government has several items that qualify for reporting in this category, all related to outstanding pension and OPEB obligations and further described in Note 9 and 11.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element 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. The District reports deferred inflows related to pension and OPEB liabilities as further described in Note 9 and 11.

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance (Continued)

Net Position/Fund Balance

In the government-wide financial statements net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance is reported as “restricted” when constraints placed on the use of resources are 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.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education, and at their highest level of action are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All other remaining governmental balances are reported as unassigned.

Net Position/Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses

Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred. Revenues that are directly attributable to a program are shown as program revenues for the statement of activities. These revenues consist of, but are not limited to, grants, fees and other charges for services.

Property Tax Revenues

Property taxes are levied on December 15 based on the assessed value of property, as certified by the county assessor on October 1. Assessed values are an approximation of market value. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post-mark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1 in the year following that in which they are levied. Property taxes are recognized as revenue when payable to the County Treasurer. Due to the nature of Colorado school district funding, uncollected property taxes levied in the current fiscal year for collection in the subsequent fiscal year are identified as property taxes receivable at June 30 and are presented net of an estimated allowance for uncollectible taxes.

Comparative Data

Comparative total data for the prior year have been presented in the accompanying basic financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 2: CASH AND INVESTMENTS

A summary of deposits and investments at June 30, 2019 is provided below.

Government-wide	
Unrestricted:	
Cash and Deposits	\$ 158,018
Investments:	
Colotrust	<u>4,482,453</u>
Total Unrestricted - Government-wide	4,640,471
Restricted:	
Investments:	
ColoTrust - Bond Redemption	<u>816,701</u>
Total Government-wide	<u>5,457,172</u>
Fiduciary	
Unrestricted:	
Demand deposits	105,864
Certificates of deposit	<u>6,914</u>
Total Fiduciary	<u>112,778</u>
Total Cash & Investments	<u>\$ 5,569,950</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2019, State regulatory commissioners indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits. Deposits are categorized by type of credit risk: (1) Insured or collateralized with securities held by the District or by its agent in the District's name; (2) Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name; or (3) Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the District's name.

At June 30, 2019, the District's deposits had bank and carrying balances as follows:

	Bank Balance	Carrying Balance
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized (Not held in District's name)	<u>46,499</u>	<u>20,796</u>
Total Cash Deposits	<u>\$ 296,499</u>	<u>\$ 270,796</u>

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

The following is a summary of the District’s investments as of June 30, 2019:

	<u>Total</u>	<u>Weighted Avg. Mat. In Yrs</u>
Local Government Investment Pools	<u>\$ 5,299,154</u>	-

Cash Invested

Colorado statutes specify which instruments units of local government may invest, which include:

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

The District has invested in the Colorado Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of the Trusts consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to the Trusts in connection with the direct investment and withdrawal functions of the Trusts. Substantially all securities owned by the Trusts are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the Trusts. These investments, as well as the investments in mutual funds, are not categorized because the underlying securities cannot be determined.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investments policy that would further limit its investment choices. At June 30, 2019 the District’s investment in the Colorado Government Liquid Assets Trust (COLOTRUST) was rated AAAM by Standard & Poor’s. The District’s funds held for repayment of the Series 2000 Certificates of Participation are held in trust and are invested in a Fidelity Treasury Portfolio I mutual fund who’s rating could not be determined.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 3: INVENTORIES

Food Service Fund inventory as of June 30, 2019 of \$12,325 consisted of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt. Unused commodity inventory is reported as a deferred inflow at year end.

NOTE 4: CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2019 are shown below:

	<u>Balance</u> <u>July 1</u> <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30</u> <u>2019</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 392,261	\$ -	\$ -	\$ 392,261
Construction in Progress	-	200,635	-	200,635
Total Capital Assets Not Being Depreciated	<u>392,261</u>	<u>200,635</u>	<u>-</u>	<u>592,896</u>
Capital Assets Being Depreciated:				
Land Improvements	1,722,447	-	47,909	1,674,538
Buildings and Improvements	15,907,352	144,461	4,634,597	11,417,216
Transportation Equipment	1,624,053	33,215	-	1,657,268
Food Service Equipment	55,979	-	-	55,979
Other Equipment	<u>370,595</u>	<u>-</u>	<u>30,837</u>	<u>339,758</u>
Total Capital Assets Being Depreciated	<u>19,680,426</u>	<u>177,676</u>	<u>4,713,343</u>	<u>15,144,759</u>
Less: Accumulated Depreciation				
Land and Improvements	(719,834)	(61,631)	(20,120)	(761,345)
Buildings and Improvements	(8,551,593)	(313,512)	(4,085,670)	(4,779,435)
Transportation Equipment	(752,453)	(74,188)	-	(826,641)
Food Service Equipment	(17,594)	(3,564)	-	(21,158)
Other Equipment	<u>(228,612)</u>	<u>(24,429)</u>	<u>(30,051)</u>	<u>(222,990)</u>
Total Accumulated Depreciation	<u>(10,270,086)</u>	<u>(477,324)</u>	<u>(4,135,841)</u>	<u>(6,611,569)</u>
Net Governmental Capital Assets	<u>\$ 9,802,601</u>	<u>\$ (99,013)</u>	<u>\$ 577,502</u>	<u>\$ 9,126,086</u>

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 4: CAPITAL ASSETS (Continued)

Depreciation has been allocated to the District’s operating functions as follows:

Instruction	\$ 261,352
Supporting Services	215,972
Depreciation Allocation	<u>\$ 477,324</u>

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2019, are \$564,927. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General, Food Service.

NOTE 6: LONG-TERM DEBT

Changes in long-term debt and the current portion of each obligation are as follows:

	Balance July 1 2018	Advances	Payments	Balance June 30 2019	Current Portion	Interest Expense
Series 2011 General Obligation Bonds	\$ 1,848,448	\$ -	\$ 100,234	\$ 1,748,214	\$ 104,362	\$ 73,713
PERA Net Pension Liability	37,395,586	-	-	16,737,634	-	-
OPEB Net Liability	853,950	-	18,007	835,943	-	-
Copier Capital Lease	11,418	-	2,142	9,277	2,251	523
Accrued Compensated Absences	118,875	-	101,845	17,030	-	-
Totals	<u>\$40,228,277</u>	<u>\$ -</u>	<u>\$ 222,228</u>	<u>\$ 19,348,098</u>	<u>\$ 106,613</u>	<u>\$ 74,236</u>

General Obligation Bonds Payable

On December 11, 2011 the District issued \$2,373,694 of general obligation bonds used to help construct a middle school, pre-school, and administrative facility. The issuance bears an interest rate of 4.12 percent. Interest is payable semi-annually on June 1 and December 1 of each year. Principal is payable over a period of twenty years and is payable annually on December 1 of each year.

Principal and interest is payable on the outstanding obligations as follows:

Year Ending June 30:	Principal	Interest	Total
2020	\$ 104,362	\$ 69,851	\$ 174,213
2021	108,660	65,464	174,124
2022	113,136	60,897	174,033
2023	117,795	56,142	173,937
2024	122,646	51,190	173,836
2025-2029	693,292	174,244	867,536
2030-2032	488,323	30,708	519,031
Totals	<u>\$ 1,748,214</u>	<u>\$ 508,496</u>	<u>\$ 2,256,710</u>

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 6: LONG-TERM DEBT (Continued)

Capital Leases

In May 2018, the District entered into a lease agreement for \$11,765 for two copiers. Monthly payments of \$222 are due through April 2023, at an estimated interest rate of 5.0%. The District has capitalized assets of \$10,589 related to this lease. In case of default, the lease will be assigned, cancelled, or terminated. The District may also be required to immediately pay the lessor a sum equal to the present value of all unpaid lease payments, past due, due, and to become due for the remainder of the lease, plus the present value of the residual interest, discounted at 4 percent per year, plus all other amounts due under the lease. Under this scenario the District may be required to deliver the equipment to the lessor, and the lessor may exercise any other right or remedy available at law or in equity.

The future minimum capital lease payments at June 30, 2019, are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 2,664
2021	2,664
2022	2,664
2023	<u>2,220</u>
Total minimum lease payments	10,213
Less amount representing interest at 5%	<u>(936)</u>
Present value of minimum lease payments	<u>\$ 9,277</u>

NOTE 7: JOINTLY GOVERNED ORGANIZATION

The District is a participant among four Districts in a jointly governed organization to operate the Pikes Peak Board of Cooperative Educational Services (BOCES). The BOCES was formed for the purpose of administrative functions among member districts for special education and federal grants. During the year ended June 30, 2019, the District paid \$141,760 in assessments to the BOCES. The BOCES is governed by a board of directors consisting of a member of the board of education and the superintendent from each of the participating members. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. Financial statements for the BOCES can be obtained from the BOCES administrative offices at: 2883 South Circle Drive, Colorado Springs, CO 80906.

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of; damage to; destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Coverage

The District belongs to the Colorado School District Self Insurance Pool (“CSDSIP”) that was formed in 1981 to give individual school districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function. The coverage provided by CSDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. CSDSIP became self-administered in 1997. The board of directors is comprised of nine persons who are district school board members, superintendents, or district business officials.

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 8: RISK MANAGEMENT (Continued)

Each member's premium contribution is determined by CSDSIP based on factors including, but not limited to, the aggregate CSDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income and reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuarial study is conducted annually. These reports may be obtained by contacting the CSDSIP administrative offices at 6857 South Spruce Street, Centennial, CO 80112. The District has not materially changed its coverage from previous years. The District has not recorded any liability for unpaid claims at June 30, 2019.

CSDSIP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members.

The ultimate liability to the District resulting from claims not covered by the pool is not recently determinable. Management is of the opinion that the final outcome of such claims, of any, will not have a material adverse effect on the District's financial statements.

Workers Compensation

The District carries commercial insurance for worker's compensation coverage. Risk of loss transfers to the carrier.

NOTE 9: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the 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.

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.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan

- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases 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.

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

Benefits provided as of December 31, 2018. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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 lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions provisions as of June 30, 2019: Eligible employees the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

	January 1, 2018 Through December	January 1, 2019 Through June 30,
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	5.50%	5.50%
Total employer contribution rate to the SCHDTF	19.13%	19.13%

Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a non-employer contribution for financial reporting purposes.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$994,102 for the year ended June 30, 2019.

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

The net pension liability for the SCHDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The District 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 and the State as a non-employer contributing entity.

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

At June 30, 2019, the District reported a liability of \$16,737,634 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a non-employer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a non-employer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ (16,737,634)
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$ (2,013,342)
Total	\$ (18,750,976)

At December 31, 2018, the District proportion was 0.09453 percent, which was a decrease of 0.02112 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension income of \$1,979,017 primarily related to assumption and state contribution changes and revenue of \$135,930 for support from the State as a non-employer contributing entity. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 629,685	\$ -
Changes of assumptions or other inputs	\$ 3,929,631	\$ (10,409,008)
Net difference between projected and actual earnings on pension plan investments	\$ 2,326,036	\$ (1,657,432)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 129,998	\$ (4,240,239)
Contributions subsequent to the measurement date	\$ 523,707	\$ -
Total	\$ 7,539,057	\$ (16,306,679)

\$523,707 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Year Ended June 30:	Fiscal Year Totals
2020	\$ (1,586,831)
2021	(4,944,707)
2022	(3,258,840)
2023	499,049
Total	\$ (9,291,329)

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using 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 increase, including wage inflation	3.90-9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	4.78%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00% percent compounded annually
PERA benefit struture hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit struture hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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:

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

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:

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

- 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 rates in effect for each year, including the scheduled increases in SB 18-200. 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 for each year, including the scheduled increase in SB 18-200. Employer contributions also include the 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 #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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. 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 middle of the year.

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

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (21,279,038)	\$ (16,737,634)	\$ (12,926,630)

Pension plan fiduciary net position. Detailed information about the SCHDTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 10: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

Plan Description - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2019 program members contributed \$15,725.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (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, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

PERA Benefit Structure

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

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 #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$53,005 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$835,943 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the District's proportion was 0.06144 percent, which was a decrease of 0.00427 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$46,154. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 3,245	\$ (1,273)
Net difference between projected and actual earnings on pension plan investments	\$ 14,826	\$ (10,715)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (79,886)
Contributions subsequent to the measurement date	\$ 27,924	\$ -
Total	\$ 51,859	\$ (91,874)

\$27,924 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Fiscal Year Totals
2020	\$ (15,535)
2021	(15,535)
2022	(15,535)
2023	(11,963)
2024	(9,036)
2025	(335)
Total	\$ (67,939)

Actuarial assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates (PERA benefit structure):	
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
DPS Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

The actuarial assumptions used in the December 31, 2017, 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 discussed below.

In determining the additional liability for PERACare enrollees who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$736	\$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
United Healthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
United Healthcare Medicare HMO	400

All costs are subject to the health care cost trend rates, as discussed below.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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.

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- 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 2018 plan year.
- 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.

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Discount Rate	1% Increase
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Proportionate share of the net OPEB asset (liability)	\$ (812,859)	\$ (835,943)	\$ (862,493)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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 middle of the year.

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

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (935,347)	\$ (835,943)	\$ (750,961)

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

NOTE 12: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2019, significant amounts of grant expenditures have not been audited, but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

TABOR Amendment

In November 1992, Colorado voters passed Article X, Section 20, (the TABOR Amendment), to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the Amendment. On November 4, 1997, voters within the District authorized the District to collect, retain and expend all non-property tax revenues in the 1997-1998 fiscal year and in each fiscal year thereafter from all sources without regard to the limitations imposed by the Amendment. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The District has established an emergency reserve of \$323,000 as required by the Amendment.

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 13: INTERFUND ACTIVITY

The General and Capital Reserve Project Funds transferred to the Designated Grants Fund to provide local matches for current grant programs. A summary of these transfers is as follows:

	<u>Transfers</u> <u>In (Out)</u>
<u>General Fund</u>	
Transfer to Food Service	\$ (9,678)
<u>Food Service Fund</u>	
Transfer from General Fund	<u>9,678</u>
Net Transfers	<u>\$ -</u>

The District has amounts owed between funds as of the end of the fiscal year. The majority of these balances are comprised of additional operating fund requirements for the District’s grants and a Capital Reserve match of a food service equipment grant. A summary of the interfund balances is as follows:

	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 3,928	\$166,500
Bond Redemption	-	83,332
Capital Reserve	<u>248,087</u>	<u>2,183</u>
Balance	<u>\$ 252,015</u>	<u>\$252,015</u>

NOTE 14: BEST GRANT/FACILITY IMPROVEMENTS

The District received a BEST grant through the Colorado Department of Education for facility improvements that commenced during fiscal year 2013 with the District providing an upfront match payment held in escrow of \$2,373,694. The State funded their portion of this program, \$15,885,491, through Certificate of Participation issuances. The State will coordinate the payment to the contractors with no funding flowing through the District other than for reimbursable costs that the District incurred. The District will not receive clear title to the improvements until the State has repaid the certificates. At that point, the District will record a capital asset and related accumulated depreciation for the cost of the BEST improvements, along with offsetting reduction of the outstanding long-term grant receivable.

The improvements completed by the BEST grant totaled \$17,696,456 with the building placed in service September 15, 2014. The building has a depreciated value of \$15,926,811 as of June 30, 2019. The amortized value of the State’s contribution as of June 30, 2017 was \$13,856,326, represented as a noncurrent BEST grant receivable. As part of the BEST grant agreement, the District agreed to fund a capital replacement reserve in the amount of \$100 per funded pupil in the facilities impacted by the grant based on the annual October student count, beginning with the June 30, 2018 fiscal year. As of June 30, 2019, this reserve, for \$118,550, was restricted in the Capital Reserve Project Fund.

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 15: DEFICIT NET POSITION

The Governmental Activities has an overall net position deficit of \$947,598 and an unrestricted net position deficit of \$9,607,461 primarily due to the PERA net pension liability of \$16,737,634 as further described in Note 9 and net OPEB liability of \$835,943 as further described in Note 11. As the District has no control over pension benefits or contribution rates, the District expects this deficit net position to continue for the foreseeable future.

NOTE 16: BUDGET VIOLATION

For the year ended June 30, 2019, the District had a budget violation in the Food Service Fund in the amount of \$28,607 and Capital Reserve Project Fund in the amount of \$113,663, which may be a violation of state statutes.

INTENTIONALLY LEFT BLANK

PENSION and OPEB SCHEDULES
(Required Supplementary Information – Unaudited)

EL PASO COUNTY SCHOOL DISTRICT #22

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)

PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year Ended</u>	<u>District's proportion of the net pension asset (liability)</u>	<u>District's proportionate share of the net pension asset (liability)</u>	<u>Non-employer contributing entity's total proportionate share of the net pension asset (liability)</u>	<u>Total proportionate share associated with District</u>	<u>District's covered payroll</u>	<u>District's proportionate share of the net pension asset (liability) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total Pension liability</u>
June 30, 2014	0.098820%	\$ (12,604,416)	\$ -	\$ (12,604,416)	\$ 3,983,734	316.40%	64.07%
June 30, 2015	0.105808%	\$ (14,340,495)	\$ -	\$ (14,340,495)	\$ 4,432,583	323.52%	62.84%
June 30, 2016	0.114639%	\$ (17,533,160)	\$ -	\$ (17,533,160)	\$ 4,995,923	350.95%	59.16%
June 30, 2017	0.121490%	\$ (36,172,220)	\$ -	\$ (36,172,220)	\$ 5,393,186	670.70%	43.13%
June 30, 2018	0.115645%	\$ (37,395,586)	\$ -	\$ (37,395,586)	\$ 5,334,582	701.00%	43.96%
June 30, 2019	0.094525%	\$ (16,737,634)	\$ (2,013,342)	\$ (18,750,976)	\$ 5,196,559	322.09%	57.01%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

EL PASO COUNTY SCHOOL DISTRICT #22

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERA Pension Plan

Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year Ended</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2014	\$ 618,674	\$ (618,674)	-	\$ 3,983,734	15.53%
June 30, 2015	728,273	(728,273)	-	\$ 4,432,583	16.43%
June 30, 2016	865,793	(865,793)	-	\$ 4,995,923	17.33%
June 30, 2017	977,785	(977,785)	-	\$ 5,393,186	18.13%
June 30, 2018	993,833	(993,833)	-	\$ 5,334,582	18.63%
June 30, 2019	994,102	(994,102)	-	\$ 5,196,559	19.13%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

EL PASO COUNTY SCHOOL DISTRICT #22

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB ASSET (LIABILITY)
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

Fiscal Year Ended	District's proportion of the net OPEB asset (liability)	District's proportionate share of the net OPEB asset (liability)	District's covered payroll	District's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
June 30, 2017	0.069506%	\$ (901,163)	\$ 5,452,647	16.53%	16.70%
June 30, 2018	0.065709%	(853,950)	\$ 5,334,540	16.01%	17.53%
June 30, 2019	0.061442%	(835,943)	\$ 5,196,559	16.09%	17.03%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

EL PASO COUNTY SCHOOL DISTRICT #22

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERA Health Care Trust Fund

Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year Ended</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2017	\$ 55,617	\$ (55,617)	\$ -	\$ 5,452,647	1.02%
June 30, 2018	54,412	(54,412)	-	5,334,540	1.02%
June 30, 2019	53,005	(53,005)	-	5,196,559	1.02%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

INTENTIONALLY LEFT BLANK

Required Supplementary Information

EL PASO COUNTY SCHOOL DISTRICT #22
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2018 Actual
REVENUES					
Local Sources					
Property Taxes	\$ 778,600	\$ 778,600	\$ 871,306	\$ 92,706	\$ 837,856
Specific Ownership Taxes	85,000	85,000	137,043	52,043	107,079
Delinquent Taxes	3,500	3,500	(2,129)	(5,629)	(1,961)
Investment Earnings	10,000	10,000	72,661	62,661	33,876
Rent Revenue	-	-	13,207	13,207	11,055
Donations	-	-	-	-	1,731
Sale of Fixed Assets/Insurance Proceeds	-	-	434	434	4,510
Instructional Materials Fees	4,500	4,500	17,848	13,348	11,802
Local BOCES Passthrough	-	-	38,117	38,117	46,018
Insurance Proceeds	-	-	-	-	1,535
Other Local	20,000	20,000	32,707	12,707	95,926
Total Local Sources	<u>901,600</u>	<u>901,600</u>	<u>1,181,194</u>	<u>279,594</u>	<u>1,149,427</u>
Intermediate Sources					
Mineral Leases	75	75	57	(18)	57
Payments in Lieu of Taxes	-	-	252	252	182
Total Intermediate Sources	<u>75</u>	<u>75</u>	<u>309</u>	<u>234</u>	<u>239</u>
State Sources					
State Share (Equalization)	8,619,472	8,619,472	7,834,382	(785,090)	6,936,914
State Transportation	200,000	200,000	201,410	1,410	212,401
State Grants from CDE					
State ELPA: Professional Development and Student Support	25,000	25,000	26,373	1,373	-
State ELPA	13,500	13,500	16,295	2,795	53,795
State Gifted and Talented	15,000	11,000	10,926	(74)	-
Small Rural Schools Additional Funding	-	-	208,694	208,694	352,970
Additional At-Risk Funding	-	-	7,536	7,536	7,621
School Counselor Grant	110,000	110,000	103,536	(6,464)	113,316
READ Act	25,000	25,000	33,391	8,391	30,931
State Grants to Libraries	4,000	4,000	4,000	-	4,000
AP Incentive Pay	4,000	4,000	500	(3,500)	7,000
AP Exam Grant Revenue	-	-	1,240	1,240	-
Other CDE State Grants	5,321	5,321	-	(5,321)	-
State Grants from Other Agencies					
State Vocational Education	40,000	40,000	42,828	2,828	18,308
State of CO Direct PERA Contribution	-	-	135,930	135,930	-
State Grants Provided through BOCES	-	-	96,679	96,679	6,615
Total State Sources	<u>9,061,293</u>	<u>9,057,293</u>	<u>8,723,720</u>	<u>(333,573)</u>	<u>7,743,871</u>
Federal Sources					
Federal Grants from CDE					
NCLB Title I, Part A - Improving Basic Programs Operated by Schools	179,648	179,648	180,593	945	144,638
NCLB Title III, Part A - English Language Acquisition	8,500	8,500	-	(8,500)	-
NCLB Title II, Part A - Teacher & Principal Training	32,500	32,500	32,866	366	27,459
ESSA, Title IV-A: Student Support and Academic Enrichment Grants	-	-	10,304	10,304	10,000
Race to the Top - Early Childhood Readiness Assessment	1,000	1,000	-	(1,000)	-
Medicaid Reimbursement	1,000	1,000	-	(1,000)	-
Direct Federal Revenue					
NCLB, Title VIII, Impact Aid.	270,000	270,000	446,823	176,823	470,433
Federal Provided through BOCES	-	-	8,000	8,000	8,000
Total Federal Sources	<u>492,648</u>	<u>492,648</u>	<u>678,586</u>	<u>185,938</u>	<u>660,530</u>
TOTAL REVENUES	<u>10,455,616</u>	<u>10,451,616</u>	<u>10,583,809</u>	<u>132,193</u>	<u>9,554,067</u>

(Continued)

See the accompanying Independent Auditors' Report

EL PASO COUNTY SCHOOL DISTRICT #22
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019				2018
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
(Continued)					
EXPENDITURES					
Instruction					
Salaries	3,699,956	3,903,700	3,667,961	235,739	3,430,393
Benefits	1,416,977	1,488,400	1,322,539	165,861	1,030,351
PS - Professional	67,000	70,000	61,672	8,328	39,572
PS - Property	21,000	10,000	2,471	7,529	1,019
PS - Other	249,450	569,333	622,940	(53,607)	472,803
Supplies	149,500	188,100	204,024	(15,924)	128,677
Property	26,500	15,500	511	14,989	43
Other Expenses	9,000	8,000	11,140	(3,140)	9,465
Total Instruction	<u>5,639,383</u>	<u>6,253,033</u>	<u>5,893,258</u>	<u>359,775</u>	<u>5,112,323</u>
Supporting Services					
Pupil Support					
Salaries	146,640	140,800	138,337	2,463	113,330
Benefits	65,127	51,548	41,591	9,957	40,356
PS - Professional	3,000	3,000	4,124	(1,124)	7,686
PS - Other	48,680	22,000	20,513	1,487	59,752
Supplies	5,885	2,500	414	2,086	8,488
Total Pupil Support	<u>269,332</u>	<u>219,848</u>	<u>204,979</u>	<u>14,869</u>	<u>229,612</u>
Staff Support					
Salaries	139,429	119,250	154,158	(34,908)	114,770
Benefits	53,575	50,197	43,743	6,454	43,602
PS - Professional	3,000	2,800	3,789	(989)	4,174
PS - Property	600	-	-	-	-
PS - Other	2,112	1,850	1,218	632	590
Supplies	29,500	28,050	27,696	354	21,163
Property	-	-	-	-	130
Other Expenses	1,974	1,923	-	1,923	-
Total Staff Support	<u>230,190</u>	<u>204,070</u>	<u>230,604</u>	<u>(26,534)</u>	<u>184,429</u>
General Administration					
Salaries	90,000	99,000	99,466	(466)	255,443
Benefits	39,605	34,015	33,116	899	48,213
PS - Professional	36,500	34,000	20,032	13,968	16,469
PS - Other	18,225	19,000	13,899	5,101	6,658
Supplies	5,001	5,001	1,764	3,237	8,249
Other Expenses	8,000	11,500	32,282	(20,782)	11,017
Total General Administration	<u>197,331</u>	<u>202,516</u>	<u>200,559</u>	<u>1,957</u>	<u>346,049</u>
School Administration					
Salaries	547,186	559,300	554,262	5,038	541,885
Benefits	195,411	192,779	175,289	17,490	151,132
PS - Other	6,700	5,200	3,705	1,495	1,095
Supplies	8,400	9,400	8,876	524	8,034
Total School Administration	<u>757,697</u>	<u>766,679</u>	<u>742,132</u>	<u>24,547</u>	<u>702,146</u>

(Continued)
See the accompanying Independent Auditors' Report

EL PASO COUNTY SCHOOL DISTRICT #22
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2018 Actual
(Continued)					
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Services					
Salaries	181,040	184,000	185,188	(1,188)	187,255
Benefits	62,964	61,985	(15,253)	77,238	61,396
PS - Professional	2,500	4,500	3,754	746	3,507
PS - Property	1,500	750	-	750	-
PS - Other	197,000	239,000	217,231	21,769	163,702
Supplies	18,000	15,000	24,712	(9,712)	18,341
Property	3,500	1,500	953	547	-
Other Expenses	1,000	2,750	(20,482)	23,232	966
Total Business Services	467,504	509,485	396,103	113,382	435,167
Operations and Maintenance					
Salaries	103,208	110,200	108,510	1,690	99,582
Benefits	35,151	35,687	35,521	166	36,009
PS - Professional	15,000	17,000	18,108	(1,108)	13,527
PS - Property	355,000	355,000	373,863	(18,863)	356,328
PS - Other	43,000	38,000	43,848	(5,848)	44,873
Supplies	230,000	230,000	316,407	(86,407)	307,775
Property	15,000	42,500	36,074	6,426	-
Total Operations and Maintenance	796,359	828,387	932,331	(103,944)	858,094
Transportation					
Salaries	491,116	518,500	475,378	43,122	441,169
Benefits	158,039	203,128	134,437	68,691	114,199
PS - Professional	2,500	2,500	3,829	(1,329)	1,863
PS - Property	30,000	30,000	32,326	(2,326)	27,057
PS - Other	1,000	1,000	554	446	4,248
Supplies	170,500	170,500	145,226	25,274	148,238
Property	80,000	80,000	33,232	46,768	-
Total Transportation	933,155	1,005,628	824,982	180,646	736,774
Other Central Support					
Salaries	161,231	166,100	149,028	17,072	125,997
Benefits	54,129	53,698	42,512	11,186	34,362
PS - Professional	60,000	71,000	82,828	(11,828)	67,161
PS - Property	5,500	16,300	11,754	4,546	16,642
PS - Other	500	1,000	78	922	-
Supplies	4,000	12,200	7,396	4,804	7,852
Property	53,500	33,000	48,372	(15,372)	125,097
Total Other Central Support	338,860	353,298	341,968	11,330	377,111
Risk Management					
PS - Other	-	-	14,910	(14,910)	4,535
Facilities/Capital Outlay					
Equipment	-	120,000	119,010	990	-
Other Uses					
Up-Front Grant Match	-	-	6,730	(6,730)	6,615
Debt Service					
Principal	-	-	2,142	(2,142)	-
Interest	-	-	522	(522)	-
Total Debt Service	-	-	2,664	(2,664)	-
TOTAL EXPENDITURES	9,629,811	10,462,944	9,910,230	552,714	8,992,855
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	825,805	(11,328)	673,579	684,907	561,212

(Continued)
See the accompanying Independent Auditors' Report

EL PASO COUNTY SCHOOL DISTRICT #22
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 General Fund
 For the Year Ended June 30, 2019
 (With Comparative Totals for the Year Ended June 30, 2018)

	2019				2018
	Original Budget	Final Budget	Actual	Variance with Final Budget	
(Continued)					
OTHER FINANCING SOURCES (USES)					
Transfers	(248,167)	(248,167)	(9,678)	238,489	(374,027)
Capital Lease Proceeds	-	-	-	-	11,765
TOTAL OTHER FINANCING SOURCES (USES)	<u>(248,167)</u>	<u>(248,167)</u>	<u>(9,678)</u>	<u>238,489</u>	<u>(362,262)</u>
CHANGE IN FUND BALANCE	577,638	(259,495)	663,901	923,396	198,950
BEGINNING FUND BALANCE	<u>18,827,603</u>	<u>3,890,736</u>	<u>1,979,274</u>	<u>(1,911,462)</u>	<u>1,780,324</u>
ENDING FUND BALANCE	<u>\$ 19,405,241</u>	<u>\$ 3,631,241</u>	<u>\$ 2,643,175</u>	<u>\$ (988,066)</u>	<u>\$ 1,979,274</u>

See accompanying Independent Auditors' Report.

INTENTIONALLY LEFT BLANK

Special Revenue Funds

EL PASO COUNTY SCHOOL DISTRICT #22
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Food Service Fund
 For the Year Ended June 30, 2019
 (With Comparative Totals for the Year Ended June 30, 2018)

	2019				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2018 Actual
REVENUES					
Local Sources					
Food Service Revenue	\$ 142,500	\$ 142,500	\$ 134,843	\$ (7,657)	\$ 124,137
Other Local	-	-	1,414	1,414	2,849
Total Local Sources	142,500	142,500	136,257	(6,243)	126,986
State Sources					
State Matching Child Nutrition	4,000	4,000	4,385	385	4,390
Start Smart Nutrition	2,500	2,500	2,185	(315)	2,202
School Lunch Protection Program: Free and Reduced for Pre-K th 2	2,500	2,500	5,648	3,148	3,456
Additional At-Risk Funding	9,000	9,000	-	(9,000)	-
Total State Sources	18,000	18,000	12,218	(5,782)	10,048
Federal Sources					
Federal Grants from CDE					
School Breakfast Program	50,000	50,000	64,875	14,875	68,090
Special Milk Program for Children	4,000	4,000	-	(4,000)	1,073
National School Lunch Program	175,000	175,000	305,489	130,489	262,475
Summer Food Service Program for Children	7,000	7,000	9,420	2,420	10,133
National School Lunch Equipment Assistance	-	-	-	-	7,500
Federal Grants from Other State Agencies					
National School Lunch Program - Commodities	-	-	45,645	45,645	34,592
Total Federal Sources	236,000	236,000	425,429	189,429	383,863
TOTAL REVENUES	396,500	396,500	573,904	177,404	520,897
EXPENDITURES					
Supporting Services					
Food Service					
Salaries	174,739	175,000	159,306	15,694	153,932
Benefits	82,381	80,344	62,954	17,390	64,156
PS - Professional	-	-	-	-	3,654
PS - Property	10,000	10,000	9,487	513	20,182
PS - Other	16,000	15,500	14,164	1,336	11,000
Supplies	5,000	2,500	1,620	880	14,500
Food	248,000	254,000	289,401	(35,401)	245,423
Commodities	500	500	33,320	(32,820)	34,592
Property	4,500	4,500	699	3,801	-
TOTAL EXPENDITURES	541,120	542,344	570,951	(28,607)	547,439
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(144,620)	(145,844)	2,953	148,797	(26,542)
OTHER FINANCING SOURCES (USES)					
Transfers	-	-	9,678	9,678	65,416
CHANGE IN FUND BALANCE	(144,620)	(145,844)	12,631	158,475	38,874
BEGINNING FUND BALANCE	144,620	145,844	-	(145,844)	(38,874)
ENDING FUND BALANCE	\$ -	\$ -	\$ 12,631	\$ 12,631	\$ -

See accompanying Independent Auditors' Report.

Other Supplementary Information

INTENTIONALLY LEFT BLANK

Debt Service Fund

EL PASO COUNTY SCHOOL DISTRICT #22
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019		Variance with Final Budget	2018
	Final Budget	Actual		Actual
REVENUES				
Local Sources				
Property Taxes	\$ 295,000	\$ 148,753	\$ (146,247)	\$ 309,830
Delinquent Taxes	1,000	(874)	(1,874)	455
Investment Earnings	4,000	18,571	14,571	9,749
TOTAL REVENUES	<u>300,000</u>	<u>166,450</u>	<u>(133,550)</u>	<u>320,034</u>
EXPENDITURES				
Supporting Services				
General Administration				
PS - Professional	-	303	(303)	-
Debt Service				
Principal	100,500	100,234	266	96,269
Interest	78,000	74,064	3,936	78,386
Total Debt Service	178,500	174,298	4,202	174,655
TOTAL EXPENDITURES	<u>178,500</u>	<u>174,601</u>	<u>3,899</u>	<u>174,655</u>
CHANGE IN FUND BALANCE	121,500	(8,151)	(129,651)	145,379
BEGINNING FUND BALANCE	121,500	749,485	627,985	604,106
ENDING FUND BALANCE	<u>\$ 243,000</u>	<u>\$ 741,334</u>	<u>\$ 498,334</u>	<u>\$ 749,485</u>

See accompanying Independent Auditors' Report.

Capital Projects Fund

EL PASO COUNTY SCHOOL DISTRICT #22
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Project Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019		Variance with Final Budget	2018 Actual
	Final Budget	Actual		
REVENUES				
Local Sources				
Specific Ownership Taxes	\$ -	\$ -	\$ -	\$ 39,615
Investment Earnings	-	8,679	8,679	404
Rent Revenue	62,400	52,300	(10,100)	57,530
Insurance Proceeds	-	6,133	6,133	-
Total Local Sources	62,400	67,112	4,712	97,549
State Sources				
State Grants from Other Agencies	-	-	-	-
Other Agency State Grants	-	477,780	477,780	343,913
TOTAL REVENUES	62,400	544,892	482,492	441,462
EXPENDITURES				
Facilities/Capital Outlay				
PS - Professional	-	-	-	30
Land and Improvements	-	-	-	430,223
Buildings	25,000	275,739	(250,739)	-
Equipment	150,500	4,602	145,898	-
Non-Capitalized Equipment	2,000	10,822	(8,822)	6,302
TOTAL EXPENDITURES	177,500	291,163	(113,663)	436,555
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(115,100)	253,729	368,829	4,907
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	308,611
CHANGE IN FUND BALANCE	(115,100)	253,729	368,829	313,518
BEGINNING FUND BALANCE	115,100	580,983	465,883	267,465
ENDING FUND BALANCE	\$ -	\$ 834,712	\$ 834,712	\$ 580,983

See accompanying Independent Auditors' Report.

FIDUCIARY FUND TYPE

Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private and student groups.

The District has established an agency fund to account for various student activity groups and contributions from private organizations. The agency fund is custodial in nature and does not involve measurement of results of operations.

EL PASO COUNTY SCHOOL DISTRICT #22
Schedule of Revenues, Expenses and Changes in Fiduciary Net Position
Budget and Actual
Fiduciary Funds
Pupil Activity Agency Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019		Variance with Final Budget	2018 Actual
	Final Budget	Actual		
ADDITIONS				
Local Sources	\$ -	\$ 129,501	\$ 129,501	\$ 119,020
DEDUCTIONS				
Instruction	145,000	135,239	9,761	117,534
CHANGE IN NET POSITION	(145,000)	(5,738)	139,262	1,486
BEGINNING NET POSITION	145,000	118,515	(26,485)	117,029
ENDING NET POSITION	\$ -	\$ 112,777	\$ 112,777	\$ 118,515

See accompanying Independent Auditors' Report.

State Compliance



Colorado Department of Education
Auditors Integrity Report
 District: 1050 - Ellicott 22
 Fiscal Year 2018-19
 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	1,883,216	10,161,643	9,515,846	2,529,013
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	96,059	412,488	394,384	114,163
Sub- Total	1,979,274	10,574,131	9,910,230	2,643,175
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
21 Food Service Spec Revenue Fund	0	583,583	570,952	12,631
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	749,485	166,450	174,601	741,334
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	580,983	544,892	291,163	834,712
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	3,309,743	11,869,055	10,946,946	4,231,852
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	118,514	129,502	135,239	112,777
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	118,514	129,502	135,239	112,777

FINAL



Colorado Department of Education
Bolded Balance Sheet Report

District: 1050 - Ellicott 22
 Fiscal Year 2018-19
 Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	3,688,319	0	172,850	0	0	17,620	816,701	761,682	0	0	0	112,777	0	5,569,949	
Cash with Fiscal Agent (8105)	14,107	0	0	0	0	0	677	0	0	0	0	0	0	14,784	
Taxes Receivable (8121,8122)	42,458	0	0	0	0	0	7,288	0	0	0	0	0	0	49,747	
Interfund Loans Receivable (8131,8132)	805	0	0	0	0	0	0	251,210	0	0	0	0	0	252,015	
Grants Accounts Receivable (8142)	107,881	0	0	0	0	4,046	0	0	0	0	0	0	0	111,927	
Other Receivables (8151-8154,8161)	8,980	0	0	0	0	10,130	0	2,958	0	0	0	0	0	22,068	
Inventories (8171,8172,8173)	0	0	0	0	0	12,325	0	0	0	0	0	0	0	12,325	
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Assets	3,862,550	0	172,850	0	0	44,121	824,666	1,015,850	0	0	0	112,777	0	6,032,814	

See accompanying Independent Auditors' Report.

Governmental

Proprietary

Fiduciary

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	12,325	0	0	0	0	0	0	0	0	12,325
Restricted Fund Balance 6720	0	0	0	0	0	0	741,334	0	0	0	0	0	0	0	741,334
TABOR 3% Emergency Reserve 6721	323,000	0	0	0	0	0	0	0	0	0	0	0	0	0	323,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	96,059	0	0	0	0	0	0	0	0	0	0	0	96,059
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	118,550	0	0	0	0	0	0	118,550
Committed Fund Balance 6750	0	0	0	0	0	306	0	716,162	0	0	0	0	0	0	716,469
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	2,206,013	0	18,104	0	0	0	0	0	0	0	0	0	112,777	0	2,336,894
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	2,529,013	0	114,163	0	0	12,631	741,334	834,712	0	0	0	0	112,777	0	4,344,629

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	3,862,550	0	172,850	0	0	44,121	824,666	1,015,850	0	0	0	0	112,777	0	6,032,814

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk related activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes