

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER

EL PASO COUNTY, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

Prepared by:
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Marcy Studtmann, Finance Manager

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INTRODUCTORY SECTION

LEWIS-PALMER SCHOOL DISTRICT #38

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

December 8, 2020

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

Transmittal Letter (Unaudited)

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of El Paso County School District #38 – Lewis-Palmer (District #38) for the year ended June 30, 2020.

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

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

To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the entity's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. The District has an established comprehensive and efficient system of internal controls. The internal controls have been designed to provide reasonable assurance that financial statements will be free from material misstatement.

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

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

The District's financial statements have been audited by CliftonLarsonAllen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

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

The School District Overview

The District is a political subdivision of the State of Colorado and a corporate body organized in 1949 as a result of the consolidation of several smaller school districts, for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District's boundaries have been redrawn numerous times over the years, the last redistricting occurring in conjunction with the opening of the Air Force Academy in the mid 1950's. The District encompasses approximately 131 square miles located in the northwestern corner of El Paso County. The District is just north of the Air Force Academy and is bisected by Interstate 25. It contains primarily residential property and includes the towns of Monument and Palmer Lake as well as a number of unincorporated suburban communities. There are presently five elementary schools, one K-12 charter school, one middle school and two high schools providing for the education of approximately 6,800 students.

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

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

Approximately 6,400 students attend school at the District's nine schools. In addition to our award winning traditional schools, and exceptional charter school, the District offers additional learning opportunities including:

- Preschool programs at numerous school sites, preparing students for elementary school
- Numerous Advanced Placement, dual and concurrent enrollment (college level) courses at our two traditional high schools
- The District #38 Home School Academy, providing enrichment opportunities to K-8 students who are home schooled
- Exceptional honors courses at the high school level
- Gifted and talented instruction at all school locations
- STEAM (science, technology, engineering, art, and math) qualified courses at both high schools
- Exceptional art, band and vocal music opportunities at all school locations
- Transitional programming for special needs students between the ages of 18 and 21
- K-12 college and career preparatory emphasis curriculum
- On-line high school and middle school coursework opportunities
- A wide range of extra-curricular activities including most CHSAA sports, drama, musicals, band, robotics, knowledge bowl, student council, DECA and numerous other activities

Vision and Strategic Plan

District #38 Shared Vision: *We believe in local, national, and global stewardship to create strong citizens who will secure a better world. This is WHY we educate.*

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

District #38 Strategic Plan:

Goal - Cultivate safe, healthy, and welcoming school environments

1. Invest in and maintain physically secure school campuses
2. Create comprehensive health and wellness systems and supports for all students
3. Ensure comprehensive crisis planning and emergency preparedness for any situation
4. Ensure equitable, diverse, and culturally responsive learning environments
5. Prioritize a feeling of welcomeness and inclusivity for all students and families

Goal - Ensure high-quality instruction and relevant educational experiences for all students

1. Further our ongoing commitment to educating the whole-child
2. Strengthen responsive teaching and learning environments that meet the needs of all students
3. Promote, enhance, and coach high-quality instructional practices
4. Embrace and prioritize innovation to help our students become "future-ready"
5. Customize multiple pathways toward postsecondary success

Goal - Deepen our professional learning culture and shared commitments to continuous growth

1. Develop sustainable and competitive compensation plans for teachers and all staff
2. Promote a district culture committed to clearly defined core values and shared commitments
3. Cultivate a working environment that yields high levels of employee performance
4. Support staff with meaningful and systemic professional learning opportunities
5. Enhance employee recognition and appreciation opportunities

Goal - Ensure effective asset management and efficient use of resources

1. Develop short and long-range plans for effective facility utilization
2. Develop effective resource utilization models (e.g. staffing patterns/ratios)
3. Explore multiple planning scenarios reflective of district's population fluctuations
4. Ensure collaborative budgetary development with our staff and the community
5. Make informed decision to determine future state of Grace Best

Goal - Forge strong community relationships and foster effective communication with all stakeholders

1. Prioritize partnerships with our parents in the educational process
2. Develop and extend community outreach efforts to target and include residents (especially residents without direct ties to D38)
3. Develop and communicate key points of district pride and values (continuous branding)
4. Tailor and adapt messaging to all community stakeholders
5. Promote and ensure ongoing feedback loops for internal and external stakeholders

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

Factors Affecting Financial Condition

According to the Colorado Legislative Council's economic and revenue forecast for September 2020, while economic and revenue collections have exceeded expectations in recent months, the near- and longer-term impacts of the pandemic on Colorado's economy and state revenue remain uncertain. Longer or repeated periods of reduced economic activity to control the spread of COVID-19 will cause more severe and longer-lasting revenue impacts. Conversely, near-term development and distribution of a COVID-19 therapy, a stronger than expected resumption of economic activity, and additional federal fiscal and/or monetary policy support pose near-term upside risks to the forecast.

Over the past three months, the U.S. and Colorado economies have recovered at a stronger pace than expected, as fiscal stimulus and the resiliency of businesses and consumer activity have buoyed growth. That said, data illustrate extensive and some lasting damage from the pandemic. In particular, labor markets have recovered only partially after their collapse in April. As the steadying effects of monetary and fiscal stimulus dissipate, some economic challenges will become more pronounced in the months ahead. Consumer activity and business investment are expected to grow, but unevenly and cautiously as the uncertainty surrounding the spread of COVID-19 continues. Risks to the forecast remain elevated, with a resurgence in the virus posing the largest downside risk to economic activity, and a near-term treatment for the virus or the passage of additional federal stimulus posing the greatest upside risks.

Despite enduring a steep decline in activity earlier this year, the U.S. and Colorado economies continue to recover with resiliency, with most recent indicators outpacing the expectations that were set this spring. Available data illustrate extensive and some lasting damage. Jobs have recovered only partially after their collapse in April, and the unemployment rate remains high. Households have lost income from wages and salaries, business ownership, and investment. Consumers who have money to spend are choosing to save instead, as fewer outlets for spending meet shaken consumer confidence, with service sectors bearing the brunt of the pull-back. Investment in Colorado's energy sector has slowed nearly to a halt. Yet, in the face of these challenges, the economy is tracking ahead of consensus expectations from earlier this year. Monetary and fiscal relief have softened the blow to a greater extent than was anticipated, keeping the economy afloat even in the face of ongoing challenges.

However, the national and state economies are each still expected to absorb major blows in 2020. As the steadying effects of monetary and fiscal stimulus dissipate, some economic challenges will become more pronounced in the second half of this year and into 2021. Many key determinants of state revenue, including employment and income, are expected to remain below trend levels through at least 2022.

The second quarter of 2020, which represents the trough of the deep pandemic-led recession, defied convention by posting the highest level of personal income ever recorded in the United States. Consistent with economic performance, the principal sources of income earned through the private sector economy – employee compensation (by far the largest component), as well as investments, and income to business proprietorships – all stagnated or fell in absolute terms. Yet, households were buoyed by two unprecedented expansions of government transfer payments: the direct payments to households and businesses in the CARES Act, and expanded unemployment benefits.

With every source of income included, personal income actually grew by 6.8 percent, a strong pace of growth even during a robust expansion. Absent all transfer payments, personal income would have decreased by 0.7 percent in the first half of 2020 compared with the first half of 2019. Absent unemployment insurance only, personal income would have increased by 3.8 percent, modestly exceeding the contributions of population growth and inflation.

Labor market indicators for both the U.S. and Colorado suggest that the jobs recovery in May and June has slowed, with pre-COVID-19 employment levels remaining far from reach after the initial shutdown-related shock. Labor markets are expected to remain impaired through the remainder of 2020 and will fail to reach pre-pandemic levels in either 2021 or 2022, although substantial uncertainty about the impacts of the pandemic remains. U.S. nonfarm employment is expected to decrease at a pace of 5.5 percent in 2020 before returning to 4.1 percent growth in 2021. After reaching a historic low of 3.7 percent in 2019, the U.S. September 2020 Economic Outlook unemployment rate is expected to rise to 8.2 percent in 2020, and to remain elevated at 6.3 percent in 2021. In Colorado, nonfarm employment is expected to decline by 4.5 percent in 2020 before beginning a recovery in 2021 to 3.0 percent growth. The Colorado unemployment rate is expected to increase sharply from 2.8 percent in 2019 to 6.9 percent in 2020, declining slightly in 2021 to 5.6 percent.

The Colorado Department of Revenue monthly retail trade reports indicate that Colorado retail trade picked up steam in May and June as COVID-related restrictions eased and consumers unleashed pent-up demand. Spending at food and beverage stores remains almost double what it was pre-pandemic, while money spent at restaurants and bars is at about 80 percent of what it was in January.

While motor vehicle spending was up over pre-pandemic levels in June, the state has experienced a sharp decline in spending on hotels with fewer tourists and business travelers. Consumer spending is expected to moderate in the fall with the expiration of CARES Act stimulus and lending programs. Unemployment is expected to remain elevated, and cooler temperatures will challenge restaurants and retailers given COVID-related safety precautions.

After COVID-19-related restrictions slowed U.S. and Colorado housing activity in March and April, residential real estate market indicators are showing signs of heating up. Tight inventories and historically low mortgage rates are increasing demand and driving home price appreciation throughout the U.S. and especially in Colorado. Mortgage rates have been steadily declining since March when the Federal Reserve cut the federal funds rate to near zero to support the economy. In August, the average 30-year fixed mortgage rate was 2.94 percent, down almost 19 percent from the same month last year. In addition, a shift to working at home has many buyers looking for bigger homes, often in suburban areas as commuting time has become less of a factor. High lumber prices may constrain growth, but tight inventories and low mortgage rates are expected to support the U.S. and Colorado housing market in spite of economic uncertainty. After contracting 9.4 percent in 2019, Colorado housing construction activity, as measured by residential construction permits, will grow a modest 0.9 percent in 2020. In 2021, the number of new housing permits is expected to increase 4.3 percent as low inventory, mortgage rates, and pent-up demand bolster the market.

The Colorado Springs labor market started 2020 strong, adding nearly 1,400 new jobs in January and February over December 2019 levels before the COVID-19 outbreak began weighing heavily on the region's economy. In April, the Colorado Springs metropolitan statistical area lost a staggering 35,300 jobs from the prior month. The region's labor market has steadily recovered and has added jobs each month since then, but the total number of workers in the region remains below pre-COVID-19 levels, and the rate at which employers are adding employees to their payrolls is down 2.7 percent between January and July compared with the same period last year. The region's unemployment rate spiked to 12.2 percent in April after hovering near 3.0 percent over the past year. The rate steadily dropped in May and June, but still remains near historical highs. Year-to-date through June, the region's unemployment rate averaged 7.4 percent, up from the 3.3 percent average rate one year prior. The region's unemployment rate is expected to steadily fall through the remainder of the year.

Similar to other areas in the state, the City of Colorado Springs saw a sharp decline in tax collections due to COVID-19-related closures. According to reports released by the City of Colorado Springs, year-to-date revenue collected from the city's general sales and use tax between January and July is down 6.5 percent from the same period one year prior. Tax collections were down for the majority of the city's retail industries, with only the medical marijuana, business services, grocery stores, and building materials industries posting gains.

The Colorado Springs residential real estate market continues to perform well despite the headwinds from the COVID-19 pandemic. Year-to-date through July, total new residential permit issuances were flat compared with the same period last year. In July 2020, the median sales price for a single family home in the region was \$378,000, up 13.7 percent from the previous year, according to the Colorado Association of Realtors. The average number of days on the market declined to 18 days in July, down from 22 days in the same month one year ago. The region's healthy economy and several years of robust home price gains have pushed the cost of living higher, and affordable housing is becoming a concern. Strong demand has pushed down the months supply of inventory in the region to just one month as of July 2020, and the number of homes for sale declined by almost 40 percent. While still more affordable than real estate in the Denver metro region, Colorado Springs home prices continue to rise at solid rates as demand continues to outstrip supply.

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

District #38

District #38's operating revenues prior to transfers were increased by 3 percent over the 2018/2019 fiscal year, while operating reserves increased by 1.3 percent. Total Governmental Reserves increased by 1.5 percent.

District #38's funding is largely dependent upon enrollment. The table below outlines the school name, grade levels served, and enrollment for preschool through twelfth grade Full-Time Equivalents as of the official count date in October 2019 and the estimated October 2020 student count.

Student Enrollment Information

School	Date Placed in Service	October 2019 Student FTE	October 2020 Student FTE*
Bear Creek Elementary School	2001	800	686
Lewis-Palmer Elementary School	1972	435	412
Palmer Lake Elementary School	1934	326	304
Prairie Winds Elementary School	2001	352	333
Ray Kilmer Elementary School	1994	354	315
Lewis-Palmer Middle School	1994	876	785
Lewis-Palmer High School	1978	1128	1152
Palmer Ridge High School	2007	1211	1214
Monument Academy	2009	901	1023
Transition Program	n/a	10	15
Colorado Preschool Program	n/a	30.5	33.5
Home School Academy	n/a	56.5	64
Totals		6480	6336.5

**Draft 2020 October Count Numbers*

From 2010 to 2014, District #38 enrollment increased by 3.8 percent. From 2015 to 2019, District #38 enrollment increased 11.5 percent. Based on an external forecast performed in April 2020, the current pandemic has complicated forecasting measures, but most local authorities are hopeful that a quick resolution will prevent an economic recession. Due to the ongoing pandemic, a conservative forecast of housing growth indicates student growth ranging from 120-534 students over the next eight years. Most schools will be able to absorb the increase, except for Bear Creek Elementary, based on the projections. The District will continue to work with its school community to seek input on how to address the enrollment changes that may occur over the next few years.

Many maintenance projects have been deferred due to a decline in state per pupil funding levels. During the 2018/2019 fiscal year, the District completed a long-term facilities study that provided additional data concerning deferred maintenance needs, expected enrollment growth and maximizing currently available building space. Administration and the Board of Education are discussing options for addressing the growing list of deferred maintenance items.

The District's buildings range in ages from nineteen years old to over one hundred years old. The oldest building is the District Administration Building, fondly referred to as "Big Red". The oldest actively-used school building is Palmer Lake Elementary School, originally built in 1935 and renovated in 1986. The newest school buildings are Prairie Winds Elementary School and Bear Creek Elementary School, both constructed in 2001.

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

As indicated above, the District's enrollment is expected to increase over the next few years. It is anticipated that retiree contributions, health insurance costs and utility costs will cause annual budgetary increases at a rate totaling \$500,000 per year. At the same time, the District is projected to continue to reduce its early retirement. This plan is included in general fund expenditures; average expenditures are \$150,000 to \$200,000 annually. Expenditures towards the early retirement plan are expected to be largely extinguished in the next four years.

District #38 Financial Rating

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

District #38 Budget Process

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

The District begins the budget development process in January prior to each fiscal year, with discussions surrounding budgetary priorities. In addition, the Colorado Legislative Council's December Economic Outlook is reviewed to determine possible state funding scenarios for the upcoming year. In February, large expenditures are reviewed, compensation packages discussed, and enrollment forecasts reviewed based on demographic reporting. Staffing needs based on enrollment projections are also drafted, along with Board of Education Goals and Objectives. Compensation packages are finalized in March and funds such as the bond redemption, insurance reserve, and food services are reviewed and planned out. Enrollment projections are then finalized in April and funding projections are presented to the Board of Education.

A proposed budget is produced and reviewed by the District Accountability Advisory Committee, and then in May is presented to the Board of Education, as well as posted on the District website for the community to review and comment on. The proposed budget is then adopted by the Board of Education in June. In the October/November timeframe student count is largely finalized and funding expectations are revised, if necessary. Unaudited results of the prior year's financial results are completed, as are fund balance projections. The District also reviews the Colorado Legislative Council's December Economic Outlook to determine possible state funding scenarios for the upcoming year.

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

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

Financial Policies

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

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

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* and the Association of School Business Officials International (ASBO) awarded a *Certificate of Excellence in Financial Reporting* to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement and the Certificate of Excellence, the District published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement and Certificate of Excellence are valid for a period of one year. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement and Certificate of Excellence programs' requirements and we are submitting it to both GFOA and ASBO to determine its eligibility for another certification.

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

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

Finally, we would like to offer special thanks to all District #38 staff members who serve in the financial area of School District #38 as well: Karen Alfultis, Peggy Pitt, and Amanda Johnson, finance department staff, who contribute to the success of the finance department on a daily basis.

Respectfully submitted,



Dr. K.C. Somers
Superintendent



Shanna Seelye, CPA
Chief Financial Officer



Marcy Studtmann
Accounting Manager

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Lewis Palmer School District 38
Colorado**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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



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

Lewis-Palmer School District 38

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink that reads 'Claire Hertz'.

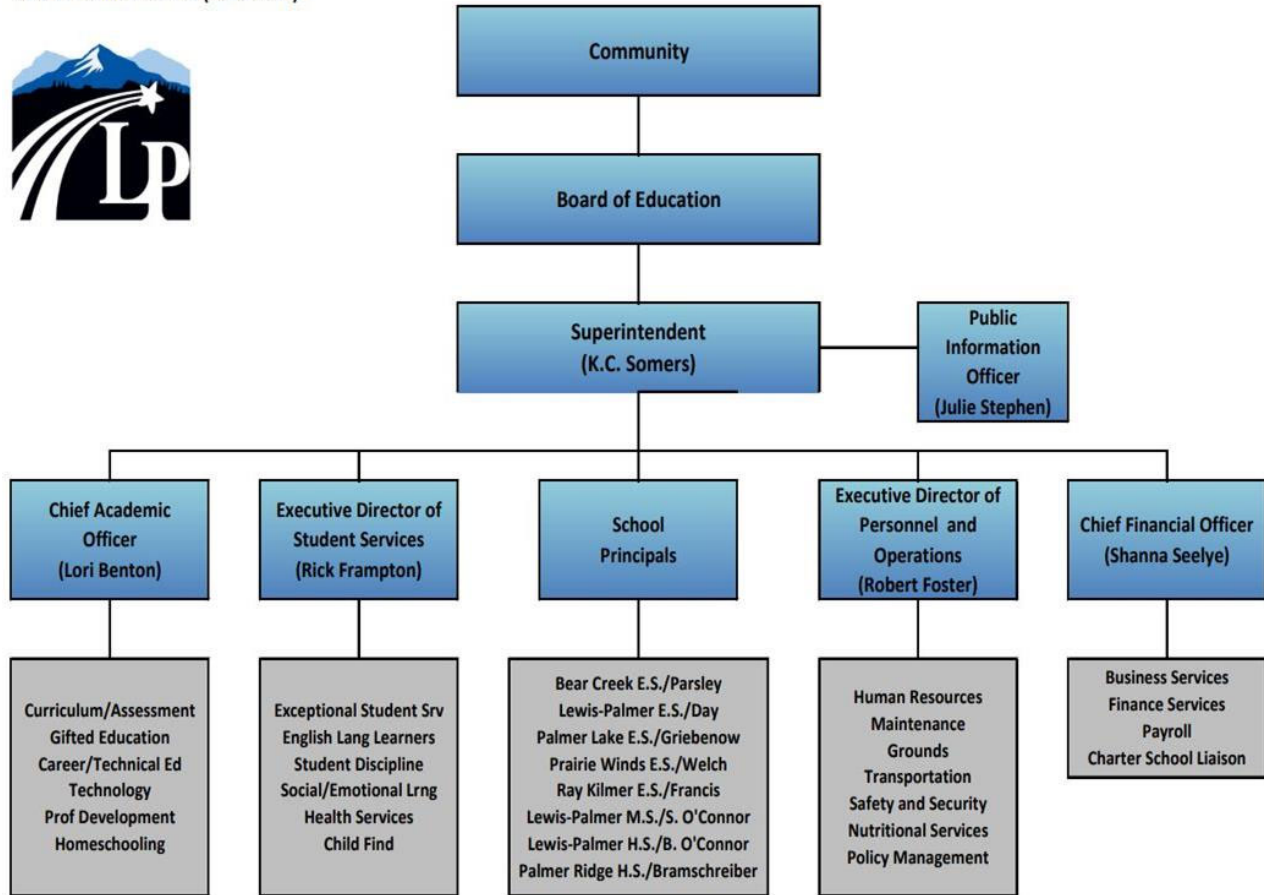
Claire Hertz, SFO
President

A handwritten signature in black ink that reads 'David J. Lewis'.

David J. Lewis
Executive Director

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
ORGANIZATION CHART
JUNE 30, 2020**

LEWIS-PALMER SCHOOL DISTRICT 38
ORGANIZATION CHART (2020-2021)



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

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

PRINCIPAL OFFICIALS

Board of Education

Chris Taylor President
Theresa Phillips Vice President
Ron Schwarz..... Treasurer
Tiffiney UpchurchSecretary
Matthew Clawson Director

Superintendent’s Staff

K.C. Somers Superintendent
Shanna Seelye Chief Financial Officer
Lori Benton Chief Academic Officer
Richard Frampton Executive Director of Student Services
Robert Foster Executive Director of Personnel and Operations

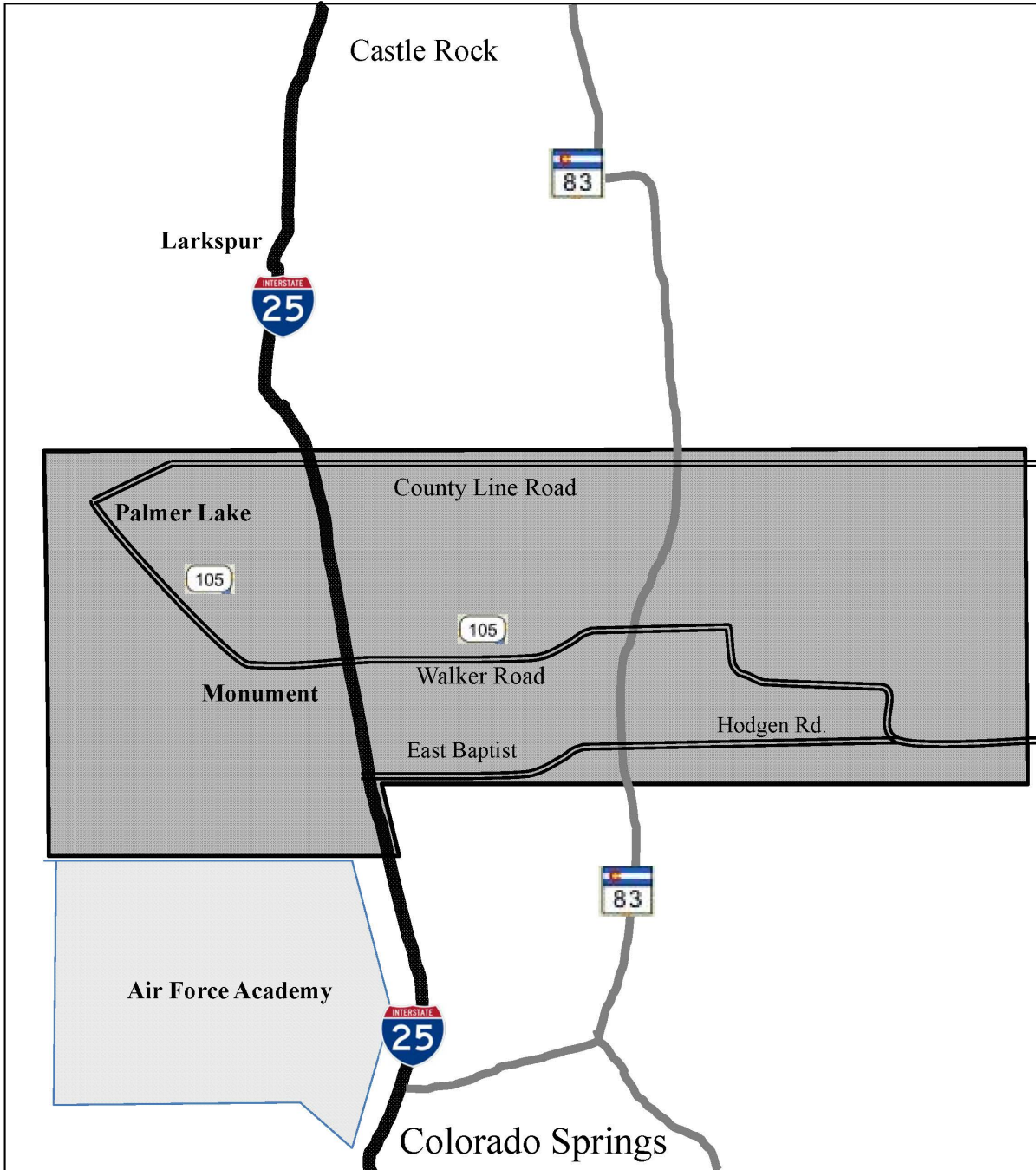
School Principals

Jennifer Day Lewis-Palmer Elementary School
Alicia Welch Prairie Winds Elementary School
Drew Francis Ray Kilmer Elementary School
Terry Bramschreiber Palmer Ridge High School
Peggy Griebenow Palmer Lake Elementary School
Bridget O’Connor Lewis-Palmer High School
Seann O’Connor Lewis-Palmer Middle School
Peggy Parsley Bear Creek Elementary School

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

EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER

District Boundaries



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of El Paso County School District #38 – Lewis-Palmer, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of El Paso County School District #38 – Lewis-Palmer as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – general fund, budgetary comparison schedule – grants fund, pension schedules, and other post-employment benefits schedules on pages XX-XXXIII and 42-50 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020, on our consideration of El Paso County School District #38 – Lewis-Palmer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering El Paso County School District #38 – Lewis-Palmer's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
December 8, 2020

EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)

This section of the El Paso County School District #38 - Lewis-Palmer's (the District) annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section, including the notes to the financial statements. Key financial highlights for 2020 are as follows:

- The total liabilities and deferred inflows of resources of the Primary Government exceeded its assets including land, buildings, and equipment and deferred outflows of resources at the close of the fiscal year June 30, 2020 by \$71,374,126 for the primary reporting entity. This represented an increase in net position of \$19,067,660. The District participates in the School Division Trust Fund, a cost-sharing multiple employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). A significant portion of the increase in net position was the result of a decrease of \$13,196,539 in the District's proportionate share of the net pension liability and related deferred outflows of resources and deferred inflows of resources.
- The District has an unrestricted net position of negative \$118,533,371 as of June 30, 2020 as compared to a negative unrestricted net position of \$133,802,612 as of June 30, 2019.
- Total revenues were \$74,245,786. General revenues accounted for \$65,231,498 in revenue or 88% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$9,014,288 or 12% of total revenue.
- The Primary Government's total net position increased from negative \$90,441,786 at June 30, 2019 to negative \$71,392,476 at June 30, 2020. This was an increase of \$19,067,660 during the fiscal year or 21%.
- The District incurred \$55,178,126 in expenses related to governmental activities; only \$9,014,288 of these expenses was offset by program specific charges for services, grants and contributions. General revenues, primarily State equalization and property taxes, of \$65,231,498 provided for the remaining funding of activities.
- As of June 30, 2020, the District's governmental funds reported a combined ending fund balance of \$25,491,483, an increase of \$3,368,922. The primary cause of the fund balance increase was a \$1,585,179 increase in General Fund balance combined with a \$1,740,145 increase in Nonmajor Governmental Funds Balance. The increase in General Fund Balance was primarily the result of increased property tax revenues and increased State Equalization funding received. Nonmajor Fund Balances increased primarily due to a significant amount of insurance proceeds recorded in the Building Reserve Fund.
- The governmental funds had \$221,293 in fund balances designated as nonspendable related to inventory as of June 30, 2020.
- The governmental funds restricted fund balance totaled \$11,726,582, with \$2,066,784 held in the General Fund for the emergency contingency required by Article X, Section 20 of the Colorado Constitution, \$6,465,701 held in the Debt Service Fund, \$581,732 held in the Food Services Fund, and \$2,612,365 held in the Building Reserve Fund.

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)**

- \$2,375,493 was held at year end as a committed fund balance consisting of \$250,000 held for K-5 literacy curriculum and \$313,200 for retirement payments in the General Fund, \$1,418,401 held for maintenance projects in the Building Reserve Fund; and \$393,892 held in the Pupil Activities Fund.
- \$288,649 was held at year end as an assigned fund balance in the Transportation Fund. \$4,313,818 was reported at year end as assigned fund balance in the General Fund relating to the amount that budgeted expenditures exceed budgeted revenues for fiscal year 2020-2021.
- The governmental activities total long-term debt decreased by \$4,984,344.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$6,565,648 or 11% of the total General Fund operating revenue.
- The General Fund total Nonspendable, Restricted, and Committed fund balance was \$2,817,130. This amount included a restricted balance of \$2,066,784, the emergency contingency required by Article X, Section 20 of the Colorado Constitution, and a committed balance of \$563,200, which consisted of \$250,000 committed for K-5 literacy curriculum and \$313,200 committed to retirement payments. The remaining \$187,146 is held in nonspendable inventories.
- Among major funds, the General Fund had \$61,163,091 in revenue and \$59,577,912 in expenditures, including transfers out.

Overview of the Financial Statements

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

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

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

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

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)**

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)**

Notes to the Basic Financial Statements

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

The notes to the basic financial statements can be found on pages 8-45 of this report.

Required Supplementary Information

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

Other Information

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

Financial Analysis of the District as a Whole

The following table provides a summary of the District's net position as of June 30, 2020 and 2019, respectively:

Table 1 – Condensed Statement of Net Position

	<u>2020</u>	<u>2019</u>
Current and Other Assets	\$ 34,010,378	\$ 28,329,757
Capital Assets	<u>84,429,239</u>	<u>86,803,630</u>
Total Assets	118,439,617	115,133,387
 Deferred Outflows of Resources	 12,182,566	 32,644,356
 Current Liabilities	 8,331,246	 6,137,808
Long-Term Liabilities	<u>138,788,606</u>	<u>159,858,751</u>
Total Liabilities	147,119,852	165,996,559
 Deferred Inflows of Resources	 <u>54,876,457</u>	 <u>72,222,970</u>
 Net Investment in Capital Assets	 35,472,223	 33,048,823
Restricted	11,687,022	10,312,003
Unrestricted	(118,533,371)	(133,802,612)
Total Net Position	<u>\$ (71,374,126)</u>	<u>\$ (90,441,786)</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)**

The following table provides a summary of the District’s activities for the fiscal years ended June 30, 2020 and 2019, respectively:

Table 2 – Condensed Statement of Activities

	Governmental Activities	
	2020	2019
REVENUES		
Program Revenues:		
Charges for Services	\$ 1,891,409	\$ 2,937,812
Operating Grants/Contributions	7,040,294	4,720,379
Capital Grants/Contributions	82,585	-
General Revenues:		
Property Taxes	24,388,541	22,563,636
Specific Ownership Taxes	2,675,420	2,803,558
State Equalization	37,478,854	36,484,643
Investment Income	289,536	228,787
Other	399,147	2,052,232
Total Revenues	<u>74,245,786</u>	<u>71,791,047</u>
EXPENSES		
Instruction	33,132,627	32,098,506
Support	20,230,239	21,338,082
Interest on Long-Term Debt	1,815,260	1,981,689
Total Expenses	<u>55,178,126</u>	<u>55,418,277</u>
CHANGE IN NET POSITION	19,067,660	16,372,770
Net Position - Beginning	<u>(90,441,786)</u>	<u>(106,814,556)</u>
NET POSITION - ENDING	<u>\$ (71,374,126)</u>	<u>\$ (90,441,786)</u>

Government-wide Financial Analysis

- Revenues increased from 2019 levels, increasing by \$2,454,739 or 3.4%.
- Program revenues increased by \$1,356,097 or 17.7%.
 - The increase relates primarily to proceeds from a settlement recorded in the Building Reserve Fund.
- General Revenues increased by \$1,098,642 or 1.7%.
 - This is primarily the result of increased property tax revenues due to increased assessed valuations in 2020, resulting in \$1,824,905 in increased revenues, combined with State equalization funding increases due to enrollment and inflationary funding, resulting in \$994,211 in increased revenues.

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020
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- Expenses decreased by \$240,151 or 0.4%
 - Instructional expenses increased by \$1,034,121 or 3.2%. The vast majority of this increase was due to changes in the net pension liability related to the District’s participation in PERA. See Note 8 for additional information.
 - Support expenses decreased by \$1,107,843, or 5.2%. The vast majority of this decrease was due to changes in the net pension liability related to the District’s participation in PERA. See Note 8 for additional information.
 - Interest on long-term debt expenses decreased by \$166,429 or 8.4%.

Financial Analysis of the District’s Funds

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

As of the end of fiscal year 2020, the District’s governmental funds reported a combined ending fund balance of \$25,491,483. This is an increase of \$3,368,922 or 15.2%. The primary cause of the fund balance increase was a \$1,585,179 increase in General Fund balance and also a \$1,740,145 increase in Nonmajor Governmental Funds Balance. The increase in General Fund Balance was mainly due to increased State equalization revenues and increased property tax revenues. Nonmajor Fund Balances have increased largely as a result of a settlement payment recorded in the Building Reserve Fund.

General Fund – The General Fund is the major operating fund of the District, providing the majority of the resources for the educational and support programs. Revenues for the General Fund totaled \$61,163,091 in fiscal year 2019-2020, an increase of \$1,812,732 or 3.1% over fiscal year 2018-2019.

Table 3 – General Fund Revenues by Source

	<u>FY 2019-20</u>	<u>FY 2018-19</u>	<u>Amount of Change</u>	<u>Percentage of Change</u>
REVENUES				
Property Taxes	\$ 17,613,631	\$ 15,922,448	\$ 1,691,183	10.6%
Specific Ownership Taxes	2,675,420	2,803,558	(128,138)	(4.6%)
Federal Sources	3,017	55,402	(52,385)	(94.6%)
State of Colorado				
State Equalization	37,478,854	36,484,643	994,211	2.7%
Other	2,181,479	2,061,392	120,087	5.8%
Other Sources:				
Investment Income	228,456	196,351	32,105	16.4%
Other Local Sources	982,234	1,826,565	(844,331)	(46.2%)
Total Revenues	<u>\$ 61,163,091</u>	<u>\$ 59,350,359</u>	<u>\$ 1,812,732</u>	<u>3.1%</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020
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Revenues

State Equalization and property taxes accounted for most of the General Fund's total revenue, making up 61.3% and 28.8% respectively of total General Fund revenue. An additional 4.4% of revenues were contributed from specific ownership taxes, with the remainder being derived from other local sources and investment earnings.

State Equalization – State equalization revenue for pre-kindergarten through 12th grade education is the primary revenue source for the General Fund, providing 61.3% of total revenue. Payments are received monthly at generally 1/12th of the annual State estimated revenue. State equalization revenues increased by 2.7% in fiscal year 2019-2020 compared to fiscal year 2018-2019. The State was able to provide funding for student enrollment growth and inflation for the 2019-2020 school year.

Property Taxes – Property tax revenues in the General Fund increased by 10.6% or \$1,691,183 in fiscal year 2019-2020 compared to fiscal year 2018-2019. The 2019-2020 General Fund property tax revenues were based upon a levy of 30.085 mills applied against an assessed valuation of \$589,828,860. The 2018-2019 mill levy was 31.036 mills applied against an assessed valuation of \$513,571,220. 2020 property taxes included 6.782 mills for an override mill levy first passed in 1999, compared to 7.789 mills for the 2019 override mill levy. Including property and specific ownership taxes, local property taxpayers provide 33% of the funding for public education in the District's General Fund based on the total mill levy.

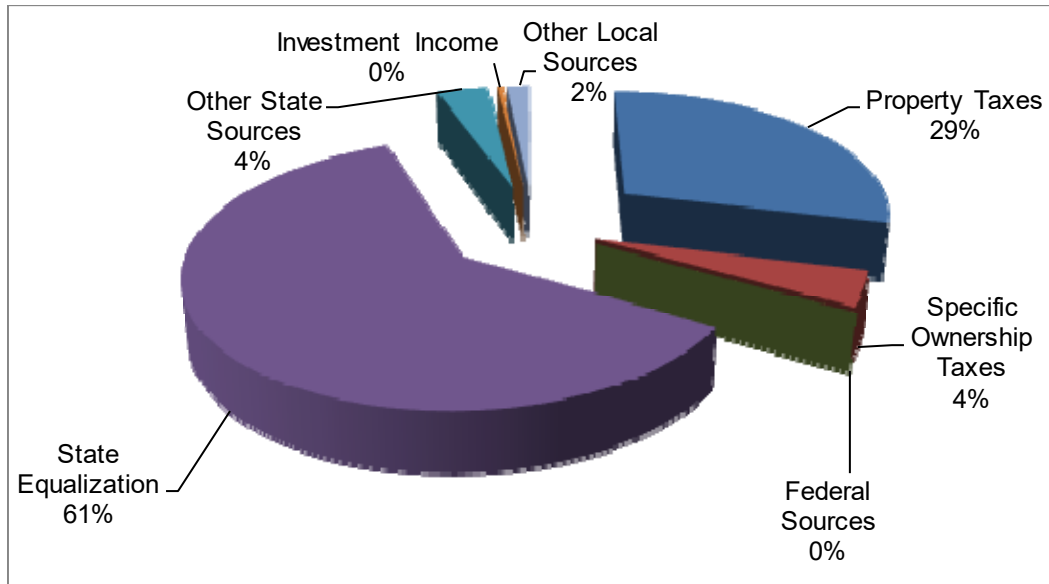
Specific Ownership Taxes – Specific ownership tax is applied to the fair value of vehicles registered in Colorado. The tax is collected when vehicle owners renew their vehicle registrations each year. The 4.6% decrease in specific ownership tax collections to \$2,675,420 reflects a net decrease in the collective fair value of vehicles registered in fiscal year 2019-2020 as compared to the prior fiscal year.

Other State Sources – Other State sources consist of special education revenue and other miscellaneous State revenues received. These revenues increased by \$120,087 which is primarily the result of increased special education and Exceptional Children's Educational Act (ECEA) funding.

Other Sources – Other sources of revenue consist of investment income, activity fees, fees for charter school services provided, and a variety of miscellaneous revenue sources. Other local sources of revenue decreased by \$812,226, primarily due to the cancellation of many student activities due to the COVID-19 pandemic.

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)**

Table 4 – General Fund Revenues by Source



Expenditures

Expenditures reported by the General Fund increased by \$1,651,039 or 2.85% to \$59,577,912 for fiscal year 2020, up from \$57,926,873 for fiscal year 2019. Much of the increase is attributable to the \$2.1 million increase in instructional costs.

Table 5 – General Fund Expenditures by Function

	<u>FY 2019-20</u>	<u>FY 2018-19</u>	<u>Amount of Change</u>	<u>Percentage of Change</u>
EXPENDITURES				
Instruction	\$ 36,255,314	\$ 34,131,410	\$ 2,123,904	6.2%
Support:				
Student Services	3,105,280	3,001,509	103,771	3.5%
Instructional Support	2,725,076	2,858,042	(132,966)	(4.7%)
General Administration	835,394	988,613	(153,219)	(15.5%)
School Administration	3,275,372	3,261,391	13,981	0.4%
Business	801,679	789,831	11,848	1.5%
Operations and Maintenance	7,382,771	6,497,132	885,639	13.6%
Student Transportation	64,891	143,232	(78,341)	(54.7%)
Central	2,485,835	2,532,601	(46,766)	(1.8%)
Community Services	-	12,384	(12,384)	(100.0%)
Allocations:				
Transportation	1,680,000	1,655,000	25,000	1.5%
Capital Reserve	884,000	1,814,364	(930,364)	(51.3%)
Building Reserve	-	109,064	(109,064)	(100.0%)
Pupil Activities	82,300	132,300	(50,000)	(37.8%)
Total Expenditures	<u>\$ 59,577,912</u>	<u>\$ 57,926,873</u>	<u>\$ 1,651,039</u>	<u>2.9%</u>

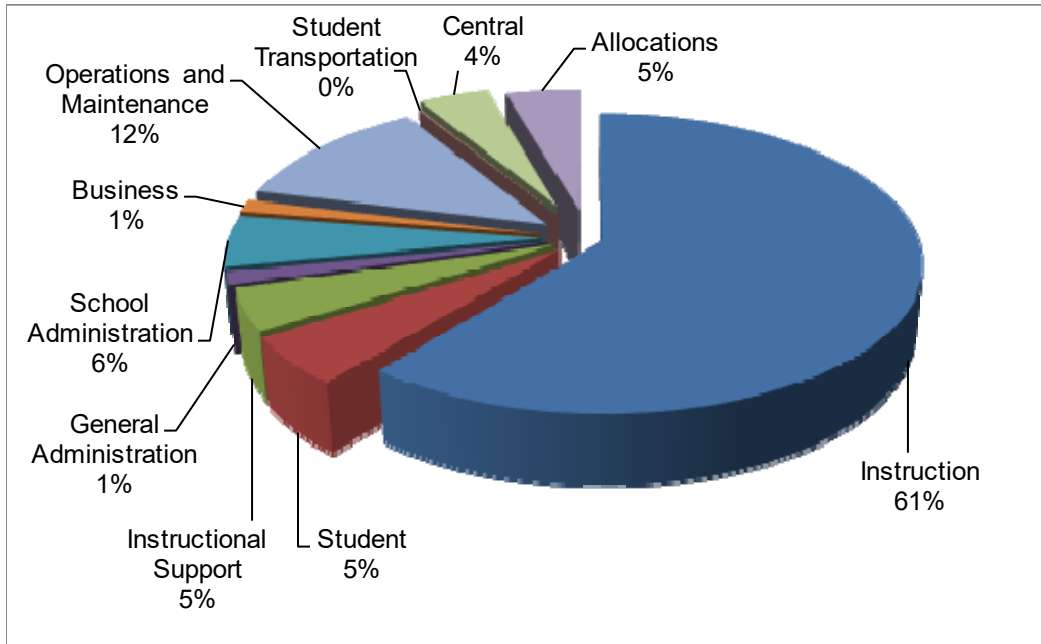
**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)**

Instruction – Instruction expenditures for fiscal year 2019-2020 are 6.22% higher than fiscal year 2018-2019. The increase is due primarily to an increase in salary and benefit costs related to student enrollment growth and inflationary compensation increases.

Supporting Services – Combined supporting services expenditures for fiscal year 2019-2020 increased from \$20,084,735 to \$20,676,298, an increase of \$591,563 or 2.9% from fiscal year 2018-2019. This was primarily the result of increased expenditures in the area of Operations and Maintenance. Expenditure increases were related to rental expenses for three new modular units.

Allocations – The decrease in transfers out of \$1,064,428 or 28.7% is due to decreases in transfers to the Capital Reserve Fund, Building Reserve Fund, and Pupil Activities Fund.

Table 6 – General Fund Expenditures by Function



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

Bond Redemption Fund

The Bond Redemption Fund is used to service the long-term debt not being financed by the Capital Reserve or other funds. The primary revenue source for the Bond Redemption Fund is a voter approved mill levy, which was 11.345 mills for the 2019-2020 year. This generated a revenue of \$6,672,094. These funds will be used to satisfy principal and interest requirements on the District’s general obligation debt. The Bond Redemption Fund expenditures primarily reflect principal and interest expenditures on the District’s general obligation debt.

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)**

Grants Fund

The Grant Fund is used to account for the revenues and expenditures of specific local, state, and federal grant awards. Revenues for the 2019-2020 school year totaled \$2,637,611 compared to \$2,004,159 for the 2018-2019 school year. This increase in revenues of \$633,452 or 31.6% is primarily the result of additional Federal funding relating to Coronavirus Relief Funds. The large majority of revenues and expenditures in the Grants Fund are the result of federal funding directed towards special needs students and students identified as at risk due to poverty.

Non-major Governmental Funds

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

Special Revenue and Capital Project Funds

A summary of revenues, other financing sources, and expenditures for the non-major Special Revenue and Capital project funds for fiscal year 2019-2020 follows:

Table 7 – Summary of Special Revenue and Capital Projects Fund Activity

Nonmajor Special Revenue and Capital Project Funds	Revenue	Other Financing Sources	Expenditures	Net Change in Fund Balance
Food Service Fund	\$ 1,377,447	\$ -	\$ 1,633,994	\$ (256,547)
Pupil Activity Fund	470,597	82,300	471,804	81,093
Transportation	849,952	1,680,000	2,362,342	167,610
Capital Reserve Fund	11,927	884,000	564,745	331,182
Building Reserve Fund	183,738	1,233,069	-	1,416,807
Total Revenue, Other Financing Sources and Expenditures	<u>\$ 2,893,661</u>	<u>\$ 3,879,369</u>	<u>\$ 5,032,885</u>	<u>\$ 1,740,145</u>

Food Service Fund

The Food Service Fund revenues come from charges to users throughout the District and reimbursement for meal expenses under the Federal Child Nutrition Act. Fiscal year 2019-2020 revenues totaled \$1,377,477. Expenditures totaled \$1,633,994. Fund balance decreased by \$256,547. The fund balance decrease was primarily related to decreased food service lunch revenues due to the switch to remote learning in March 2020 as a response to the COVID-19 pandemic.

Pupil Activity Fund

The Pupil Activity Fund is used to account for the various athletic activities of the district. The primary sources of funding are fees and admission fees. The fund balance increased by \$81,093 for the year with \$552,897 in revenues/other financing sources and \$471,804 in expenditures.

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)**

Transportation Fund

The Transportation Fund is used to account for revenues and expenditures related to transporting students. Revenues for the year totaled \$849,952 including \$282,547 provided from fees for services and \$567,405 provided from the State as partial reimbursement for expenditures. Other Financing Sources included transfers from the General Fund of \$1,680,000. Expenditures totaled \$2,362,342. As a result, fund balance increased by \$167,610.

Capital Reserve Fund

Total revenues for the Capital Reserve Fund, including transfers from the General Fund, amounted to \$895,927 while expenditures totaled \$564,745. This resulted in an increase in fund balance of \$331,182, which is committed to capital projects.

Building Reserve Fund

The Building Reserve Fund is a Capital Projects Fund. Revenue and other financing sources for fiscal year 2019-2020 was a total of \$1,416,807, consisting of cash in lieu of land fees, a settlement payment, and sales of capital assets. Expenditures totaled \$0. Fund balance increased by 1,416,807.

Fiduciary Funds

The Fiduciary Fund is not reported in the District-wide financial statements. The Pupil Activity Agency Fund is used to account for assets held by the District in trustee capacity or as an agent for individuals, private and student groups. The District was trustee for funds in the amount of \$2,026,670 on June 30, 2020.

General Fund Budgetary Highlights

The original fiscal year 2019-2020 budget adopted by the Board of Education for the District's General Fund included total appropriations of \$61,530,595. The final budget adopted by the Board of Education for the General Fund included revenues of \$61,443,913.

Table 8 – General Fund Budget vs. Actual Revenue

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance to Final</u>
REVENUES			
Property Taxes	\$ 17,017,443	\$ 17,613,631	\$ 596,188
Specific Ownership Taxes	2,960,434	2,675,420	(285,014)
Federal Sources	-	3,017	3,017
State of Colorado:			
State Equalization	38,189,302	37,478,854	(710,448)
Other	1,305,184	2,181,479	876,295
Other Sources:			
Investment Income	350,000	228,456	(121,544)
Other Local Sources	1,621,550	982,234	(639,316)
Totals	<u>\$ 61,443,913</u>	<u>\$ 61,163,091</u>	<u>\$ (280,822)</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)**

The District’s General Fund actual revenues totaled \$61,163,091, 0.46% less than budgeted revenues. Property taxes revenues received were greater than the budgeted amount by \$596,188 due to a larger than anticipated increase in the assessed valuation of property within the boundaries of the District. Other Local Sources revenue includes pupil activities revenue, which was less than budgeted as these revenues were recorded in the Pupil Activity Fund rather than General Fund. Actual State Equalization revenues were less than budgeted due to a decrease in enrollment. Other State actual revenue includes an on-behalf payment from the State of Colorado to Colorado PERA, which the District records revenue and expenditures for the District’s proportionate share of this benefit. This on-behalf payment was not budgeted, causing actual revenues to exceed budgeted revenues in this category.

Table 9 – General Fund Budget vs. Actual Expenditures

EXPENDITURES	Original and Final Budget	Actual	Variance to Final
Instruction	\$ 38,025,046	\$ 36,255,314	\$ 1,769,732
Support:			
Student	2,798,243	3,105,280	(307,037)
Instructional Support	2,870,171	2,725,076	145,095
General Administration	950,307	835,394	114,913
School Administration	3,542,916	3,275,372	267,544
Business Services	593,828	801,679	(207,851)
Operations and Maintenance	7,682,445	7,382,771	299,674
Student Transportation	16,700	64,891	(48,191)
Central Support	2,404,639	2,485,835	(81,196)
Community Services	-	-	-
Allocations:			
Transportation	1,680,000	1,680,000	-
Capital Reserve	884,000	884,000	-
Pupil Activity	82,300	82,300	-
Totals	<u>\$ 61,530,595</u>	<u>\$ 59,577,912</u>	<u>\$ 1,952,683</u>

The General Fund final budget to actual variance was \$1,952,683 or 3.3% under final budgeted expenditures and other financing uses. Actual instruction expenditures were less than budgeted due to fewer salaries and benefits costs, along with fewer supplies costs than originally budgeted. The District reduced spending during the last quarter of the fiscal year as part of the response to the COVID-19 pandemic. Employees continued to be paid during the physical school building closure, even if they were unable to actively work, but overall the wages and benefits variance was a result of favorable compensation variances related to lower than anticipated position fill rates and compensation rates for newer staff members. Actual support services expenditures were consistent overall with budgeted expenditures, with an overall positive variance of \$182,951. Allocations represent transfers to other funds, which were transferred according to the budgeted amount.

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)**

Capital Asset and Debt Administration

Capital Assets. The District’s investment in capital assets for its governmental activities as of June 30, 2020 amounted to \$84,429,239 (net of accumulated depreciation of \$66,287,372). This investment in capital assets includes land, buildings, improvements, machinery and equipment. This is a decrease of \$2,374,391 from June 30, 2019 total balances. This decrease is due to depreciation expense of \$2,989,286 exceeding capital additions of \$614,895. Capital additions in fiscal year 2020 include \$163,077 in buildings and improvement, \$223,984 in site improvements, and \$218,614 in transportation and other equipment. The additions include a boiler system in building improvements, roofing in site improvements, and security systems, food serving counters, and trucks in transportation and other equipment. There were also deletions of \$638,533 in transportation equipment and other equipment.

Table 10 – Capital Asset Summary

<u>Capital Assets</u>	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Land and Site Improvements	\$ 10,931,851	\$ 10,707,867
Buildings and Improvements	131,428,347	131,265,270
Transportation and Equipment	8,356,413	8,767,112
Less Accumulated Depreciation	<u>(66,287,372)</u>	<u>(63,936,619)</u>
Total	<u>\$ 84,429,239</u>	<u>\$ 86,803,630</u>

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

Long Term Debt. At the end of the current fiscal year, the District had total long-term debt outstanding of \$53,170,859 including \$5,881,610 due within the next twelve months. Of this amount, \$50,779,000 is general obligation bonded debt backed by the full faith and credit of the District, including \$4,369,000 of unamortized bond premium.

Table 11 – Debt Summary

GOVERNMENTAL ACTIVITIES	<u>2020</u>	<u>2019</u>
General Obligation Bonds	\$ 50,779,000	\$ 55,857,316
Service Bonus	161,346	292,931
Accrued Compensated Absences	2,230,513	2,005,242
Totals	<u>\$ 53,170,859</u>	<u>\$ 58,155,489</u>

As of June 30, 2020, the District’s total long-term debt was 9.0% of the assessed valuation of \$589,828,860.

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

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

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)**

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

- The District’s enrollment decreased 4% for the 2020/2021 school year when compared to the 2019/2020 school year by approximately 269 students. The District is funded by the State of Colorado based on the number of students enrolled. The State of Colorado decreased funding by \$417 per student for the 2020/2021 school year as compared to the prior year. Long-term economic forecasts indicate that the State will not have funds needed to fund inflationary increases for K-12 public schools.
- The State of Colorado administers cost-sharing multiple-employer pension and health care trusts for public employees (Colorado PERA). The District is a member as detailed in Notes 8 and 9 of this document. In 2018, the state enacted legislation designed to fully fund the school division of the trust over the next 30 years. The liabilities related to this plan have historically increased benefit costs for the District. This trend is projected to continue.
- Experts continue to indicate that the State of Colorado has a structural imbalance in its revenue and related funding needs. For additional information regarding this please refer to the Transmittal letter as well as the 2020/2021 District Budget. Increased costs in Medicaid and constitutional school funding requirements are predicted to outstrip revenues materially over the next decade. The Board of Education continues to review the situation and plan toward this as one of many possibilities.
- Our district assessed valuation increased 6,105,290 or 1% for 2020 when compared to El Paso County’s 2019 valuations. This will move the District’s Net Assessed Valuation from \$589,828,870 to \$595,934,160. This increase in assessed valuation is primarily related to increases in residential property assessment due to increased home property values and new residential construction.
- The District continues to rank in the top performing school districts in the State based upon State standardized tests. In 2010, the Colorado Department of Education began accrediting school districts in the top 7 – 12% of the State as “accredited with distinction”. The District has earned this ranking from 2010 through 2020.
- The NAMM Foundation once again named the community as a 2020 Best Communities for Music Education. The National Association of Music Merchants acknowledges schools and districts across the United States that demonstrate an exceptionally high commitment and access to music education. Lewis-Palmer schools have long been recognized for excellence in music education at all levels.
- The District has long been known as a premier district in the State. Both Lewis-Palmer High School and Palmer Ridge High School were ranked as top high schools in Colorado by the U.S. News and World Report, as well as ranked at the national level.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government	Component Unit
	Governmental Activities	Charter School
ASSETS		
Cash and Investments	\$ 30,905,748	\$ 3,817,420
Restricted Cash and Investments	-	10,733,853
Receivable:		
Accounts Receivable	310,830	2,933
Taxes Receivable	2,320,956	-
Intergovernmental	251,551	-
Due from Primary Government		79,241
Prepaid Items	35,987	-
Inventories	185,306	-
Capital Assets, Not Being Depreciated	10,931,851	21,003,691
Capital Assets, Net of Accumulated Depreciation	73,497,388	8,548,637
Total Assets	118,439,617	44,185,775
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Outflows	10,048,131	1,359,260
Deferred OPEB Outflows	312,451	49,434
Loss on Refunding of Debt	1,821,984	1,681,666
Total Deferred Outflows of Resources	12,182,566	3,090,360
LIABILITIES		
Accounts Payable	407,093	2,390,822
Due to Component Unit	79,241	-
Accrued Liabilities	4,990,049	581,979
Accrued Interest Payable	174,304	243,081
Unearned Revenue	2,680,559	340,848
Long-Term Liabilities:		
Due within One Year	5,881,610	430,727
Due in More than One Year	47,289,249	41,364,633
Net OPEB Liability	4,012,283	9,997,346
Net Pension Liability	81,605,464	491,598
Total Liabilities	147,119,852	55,841,034
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Inflows	54,135,276	8,033,864
Deferred OPEB Inflows	741,181	140,412
Total Deferred Inflows of Resources	54,876,457	8,174,276
NET POSITION		
Net Investment in Capital Assets	35,472,223	(3,629,919)
Restricted for Debt Service	6,391,994	4,524,535
Restricted for Capital Projects	-	3,558,314
Restricted for Repairs and Maintenance	-	120,000
Restricted for Building Reserves	2,612,365	-
Restricted for Food Services	615,879	-
Restricted for TABOR	2,066,784	248,352
Unrestricted	(118,533,371)	(21,560,457)
Total Net Position	\$ (71,374,126)	\$ (16,739,175)

See accompanying Notes to Financial Statements.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Charter School
Primary Government						
Government Activities						
Instruction	\$ 33,132,627	\$ 742,769	\$ 3,920,260	\$ 82,585	\$ (28,387,013)	\$ -
Supporting Services	20,230,239	1,148,640	3,120,034	-	(15,961,565)	-
Interest on Long-Term Debt	1,815,260	-	-	-	(1,815,260)	-
Total Government Activities	<u>55,178,126</u>	<u>1,891,409</u>	<u>7,040,294</u>	<u>82,585</u>	<u>(46,163,838)</u>	<u>-</u>
Component Unit						
Charter School	<u>\$ 8,043,552</u>	<u>\$ 400,565</u>	<u>\$ 185,840</u>	<u>\$ 247,758</u>	<u>-</u>	<u>(7,209,389)</u>
GENERAL REVENUES						
					24,388,541	499,748
					2,675,420	-
					37,478,854	7,178,120
					289,536	382,471
					399,147	1,382
					<u>65,231,498</u>	<u>8,061,721</u>
CHANGE IN NET POSITION					19,067,660	852,332
Net Position - Beginning Balance					<u>(90,441,786)</u>	<u>(17,591,507)</u>
NET POSITION - ENDING					<u>\$ (71,374,126)</u>	<u>\$ (16,739,175)</u>

See accompanying Notes to Financial Statements.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2020**

ASSETS	General	Bond Redemption	Grants	Nonmajor Governmental Funds	Total
ASSETS					
Cash and Investments	\$ 21,105,986	\$ 5,981,023	\$ -	\$ 3,818,739	\$ 30,905,748
Accounts Receivable	246,067	-	-	64,763	310,830
Taxes Receivable	1,745,700	575,256	-	-	2,320,956
Grants Receivable	-	-	251,551	-	251,551
Due from Other Funds	-	10,019	2,355,433	1,928,357	4,293,809
Prepaid Items	35,987	-	-	-	35,987
Inventories	151,159	-	-	34,147	185,306
Total Assets	<u>\$ 23,284,899</u>	<u>\$ 6,566,298</u>	<u>\$ 2,606,984</u>	<u>\$ 5,846,006</u>	<u>\$ 38,304,187</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 171,231	\$ -	\$ 49,644	\$ 186,218	\$ 407,093
Accrued Salaries and Benefits	4,778,366	-	-	211,683	4,990,049
Due to Component Unit	79,241	-	-	-	79,241
Due to Other Funds	4,293,809	-	-	-	4,293,809
Unearned Revenues	4,300	-	2,557,340	118,919	2,680,559
Total Liabilities	<u>9,326,947</u>	<u>-</u>	<u>2,606,984</u>	<u>516,820</u>	<u>12,450,751</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Property Tax Revenues	261,356	100,597	-	-	361,953
Total Deferred Inflows of Resources	<u>261,356</u>	<u>100,597</u>	<u>-</u>	<u>-</u>	<u>361,953</u>
FUND BALANCES					
Nonspendable Inventories	187,146	-	-	34,147	221,293
Restricted for:					
Debt Service	-	6,465,701	-	-	6,465,701
Food Services	-	-	-	581,732	581,732
Building Reserve	-	-	-	2,612,365	2,612,365
TABOR Reserve	2,066,784	-	-	-	2,066,784
Committed to:					
Retirement Payments	313,200	-	-	-	313,200
K-5 Literacy Curriculum	250,000	-	-	-	250,000
Capital Projects	-	-	-	1,418,401	1,418,401
Pupil Activities	-	-	-	393,892	393,892
Assigned to:					
Subsequent Year Budget	4,313,818	-	-	-	4,313,818
Transportation	-	-	-	288,649	288,649
Unassigned	6,565,648	-	-	-	6,565,648
Total Fund Balances	<u>13,696,596</u>	<u>6,465,701</u>	<u>-</u>	<u>5,329,186</u>	<u>25,491,483</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,284,899</u>	<u>\$ 6,566,298</u>	<u>\$ 2,606,984</u>	<u>\$ 5,846,006</u>	<u>\$ 38,304,187</u>

See accompanying Notes to Financial Statements.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total Governmental Fund Balance	\$ 25,491,483
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	84,429,239
Property taxes and other revenues - Revenues that do not provided current financial resources are unavailable on the governmental fund financial statements but recognized on the government-wide financial statements.	361,953
Long-term liabilities, including bonds payable, certification of participation, compensated absences, other postemployment benefits, and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds Payable	(46,410,000)
Premium on Bond Issuance	(4,369,000)
Compensated Absences	(2,230,513)
Service Bonus	(161,346)
Accrued Interest Payable	(174,304)
Net Pension Liability	(81,605,464)
Net OPEB Liability	(4,012,283)
Loss on bond refunding not available to pay current expenditures and, therefore, classified as deferred outflow of resources in the funds:	
Loss on Bond Refunding	1,821,984
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Related to Pension	10,048,131
Related to OPEB	312,451
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Related to Pension	(54,135,276)
Related to OPEB	(741,181)
Net Position of Governmental Activities	<u>\$ (71,374,126)</u>

See accompanying Notes to Financial Statements.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	General	Bond Redemption Services	Grants	Other Governmental Funds	Total
REVENUES					
Local Sources	\$ 21,499,741	\$ 6,672,094	\$ 35,456	\$ 2,050,267	\$ 30,257,558
State Sources	39,660,333	-	644,798	578,150	40,883,281
Federal Sources	3,017	-	1,957,357	258,457	2,218,831
Other	-	-	-	6,787	6,787
Total Revenues	<u>61,163,091</u>	<u>6,672,094</u>	<u>2,637,611</u>	<u>2,893,661</u>	<u>73,366,457</u>
EXPENDITURES					
Current:					
Instruction	36,249,693	-	2,000,942	471,804	38,722,439
Supporting Services	20,674,348	-	357,673	3,903,121	24,935,142
Capital Outlay	7,571	-	278,996	657,960	944,527
Debt Service:					
Principal	-	4,345,000	-	-	4,345,000
Interest and Fiscal Charges	-	2,283,496	-	-	2,283,496
Total Expenditures	<u>56,931,612</u>	<u>6,628,496</u>	<u>2,637,611</u>	<u>5,032,885</u>	<u>71,230,604</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,231,479	43,598	-	(2,139,224)	2,135,853
OTHER FINANCING SOURCES (USES)					
Insurance Proceeds	-	-	-	1,170,000	1,170,000
Transfers In	-	-	-	2,646,300	2,646,300
Transfers Out	(2,646,300)	-	-	-	(2,646,300)
Sale of Capital Assets	-	-	-	63,069	63,069
Total Other Financing Sources (Uses)	<u>(2,646,300)</u>	<u>-</u>	<u>-</u>	<u>3,879,369</u>	<u>1,233,069</u>
NET CHANGE IN FUND BALANCES	1,585,179	43,598	-	1,740,145	3,368,922
Fund Balances - Beginning	<u>12,111,417</u>	<u>6,422,103</u>	<u>-</u>	<u>3,589,041</u>	<u>22,122,561</u>
FUND BALANCES - ENDING	<u>\$ 13,696,596</u>	<u>\$ 6,465,701</u>	<u>\$ -</u>	<u>\$ 5,329,186</u>	<u>\$ 25,491,483</u>

See accompanying Notes to Financial Statements.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

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

Net Change in Fund Balances of Governmental Funds	\$ 3,368,922
<p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense exceeded capital outlay in the current year.</p>	
Capital Outlay	614,895
Depreciation Expense	(2,989,286)
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:</p>	
Payment of Principal Includes:	
Debt Payments	4,345,000
Amortization of Deferred Loss on Refunding	(280,525)
Amortization of Bond Premium/Discount	733,316
Accrued Interest	15,445
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in government funds.</p>	
Earned but Unavailable Revenue	102,816
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The (increase) decrease in these activities consist of the following:</p>	
Accrued Compensated Absences	(225,271)
Service Bonus	131,585
OPEB Expense	54,224
Pension Expense	13,196,539
Change in Net Position of Governmental Activities	\$ 19,067,660

See accompanying Notes to Financial Statements.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2020

	Agency Fund
ASSETS	
Cash and Investments	\$ 2,020,487
Accounts Receivable	6,183
Total Assets	2,026,670
 LIABILITIES	
Accounts Payable	234,100
Due to Student Groups	1,792,570
Total Liabilities	\$ 2,026,670

See accompanying Notes to Financial Statements.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the District and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported in a single column. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the District is financially accountable.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers grant revenues to be available if they are collected within 180 days of the end of the current year. Property taxes and other revenues are considered available if collected within 60 days of year-end.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

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

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

Additionally, the District reports the following funds:

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

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

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

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

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

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

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

Cash and Investments

The District utilizes the pooled cash concept whereby cash balances of each of the District's funds are pooled and invested by the District. All investments are reported at fair value.

Accounts Receivable

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

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables/Payables

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

Inventories

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

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

Capital Assets

Capital assets, which include land, site improvements, buildings and improvements, transportation equipment, and other equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Capital outlay from the statement of revenues, expenditures, and changes in fund balance in excess of what is capitalized on the statement of net position is charged to support services of the governmental activities.

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

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

Buildings	50 Years
Improvements	20 Years
Transportation Equipment	10 Years
Other Equipment	3 to 15 Years

Accrued Salaries and Benefits

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

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. One item that qualifies for reporting in this category is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District refundings have resulted in deferred outflows of resources of \$1,821,984. See Notes 8 and 9 for deferred pension and OPEB outflows of resources.

Property Taxes

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

Tax Year

Beginning of fiscal year for taxes

- January 1

Assessed valuation initially certified by County Assessor

- August 25

Property tax levy by Board of Education for ensuing calendar year

- December 10

Tax levy certified to County Commissioners

- December 15

County Commissioners certify levy to County Treasurer

- January 10

Collection Year

Mailing of tax bills (lien date)

- January 1

First installment due

- February 28

Taxes due in full (unless installments elected by taxpayer)

- April 30

Second installment due

- June 15

As the taxes were not fully collected within the District's period of availability, the District has deferred inflows of resources from property tax collection at June 30, 2020, in the amount of \$361,953. Property taxes are remitted to the District by the El Paso County Treasurer by the tenth of the month following collections by the county, except for the months of March, May, and June in which the District receives an additional remittance from the El Paso County Treasurer for collections through the twentieth of such months.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

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

Service Bonus

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

Long-Term Debt

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

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

Net Pension Liability

The District's governmental activities report a net pension liability as of June 30, 2020. The School is required to report their proportionate share of PERA's unfunded pension liability. See Note 8 for additional information.

On-Behalf Payments

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of Colorado makes direct on-behalf payments for retirement benefits to Colorado PERA. Beginning on July 1, 2018, the State of Colorado is required to make a payment to PERA each year equal to \$225 million. PERA allocates the contribution to the trust funds of the State, School, Denver Public Schools, and Judicial Division Trust Funds of PERA, as proportionate to the annual payroll of each division. This annual payment is required on July 1st of each year thereafter until there are no unfunded actuarial accrued liabilities of any division of PERA that receives the direct distribution. The amount of on-behalf payments made for the District by the State of Colorado has been recorded in the fund financial statements.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Postemployment Benefits Other Than Pensions (OPEB)

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

Deferred Inflows of Resources

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

Net Position/Fund Balances

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

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

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

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Education. Committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of formal action (for example, resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. In addition, the Board has committed \$250,000 on K-5 Literacy Curriculum to be purchased in the subsequent fiscal year.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balances (Continued)

Assigned fund balance includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education adopted a fund balance policy and as part of the policy delegated the authority to the Superintendent to assign amounts to be used for specific purposes. The District presents \$4,313,818 as assigned fund balance relating to budgeted expenditures exceeding budgeted revenues for the subsequent year's budget.

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

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

Budgetary Information

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

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

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

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Information (Continued)

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the superintendent and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

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

NOTE 2 CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2020 follows:

Cash on Hand	\$ 8,305
Deposits	5,518,165
Investments	27,399,765
Total	<u><u>\$ 32,926,235</u></u>

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

Cash and Investments	\$ 30,905,748
Cash Per the Fiduciary Statements of Net Position:	
Fiduciary Fund	2,020,487
Total	<u><u>\$ 32,926,235</u></u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2020, the District deposits are with eligible public depositories and are considered to be held in the name of the District.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments

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

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

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

As of June 30, 2020, the District had the following investments:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Fair Value</u>	<u>Investment Maturity (in Years) Less than 1</u>
Colorado Statewide Investment Program			
Local Government Investment Pool	AAAm	\$ 21,418,742	\$ 21,418,742
ColoTrust Plus+ Fund	AAAm	5,981,023	5,981,023
Total		<u>\$ 27,399,765</u>	<u>\$ 27,399,765</u>

At June 30, 2020, the District had \$5,981,023 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust). ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating ColoTrust. ColoTrust is rated AAAM by Standard and Poor's. Investments of ColoTrust are limited to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. ColoTrust records investments at fair value and the District at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

At June 30, 2020, the District had \$21,418,742 invested in the Colorado Statewide Investment Pool (CSIP). CSIP is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating CSIP. CSIP is rated AAAM by Standard and Poor's. Investments of CSIP are limited to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. CSIP records investments at fair value and the District at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Interest Rate Risk

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

Credit Risk

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

NOTE 3 INTERFUND BALANCES AND TRANSACTIONS

Interfund receivables and payables and transfers as of and during the year ended June 30, 2020, consisted of the following:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 4,293,809	\$ -	\$ 2,646,300
Bond Redemption Fund	10,019	-	-	-
Food Service Fund	426,437	-	-	-
Grants Fund	2,355,433	-	-	-
Pupil Activity Fund	56,963	-	82,300	-
Transportation Fund	464,952	-	1,680,000	-
Building Reserve Fund	120,088	-	-	-
Capital Reserve Fund	859,917	-	884,000	-
	<u>\$ 4,293,809</u>	<u>\$ 4,293,809</u>	<u>\$ 2,646,300</u>	<u>\$ 2,646,300</u>

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

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

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 is summarized below:

	<u>Balances 6/30/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances 6/30/2020</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 9,229,830	\$ -	\$ -	\$ 9,229,830
Construction in Process	1,396,500	223,984	-	1,620,484
Site Improvements	81,537	-	-	81,537
Total Capital Assets Not Being Depreciated	<u>10,707,867</u>	<u>223,984</u>	<u>-</u>	<u>10,931,851</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	126,480,411	163,077	-	126,643,488
Site Improvements	4,784,859	-	-	4,784,859
Transportation Equipment	6,148,961	30,499	(638,533)	5,540,927
Other Equipment	2,618,151	197,335	-	2,815,486
Total Capital Assets Being Depreciated	<u>140,032,382</u>	<u>390,911</u>	<u>(638,533)</u>	<u>139,784,760</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(55,228,268)	(2,454,361)	-	(57,682,629)
Site Improvements	(1,660,176)	(251,747)	-	(1,911,923)
Transportation Equipment	(4,885,894)	(190,065)	638,533	(4,437,426)
Other Equipment	(2,162,281)	(93,113)	-	(2,255,394)
Total Accumulated Depreciation	<u>(63,936,619)</u>	<u>(2,989,286)</u>	<u>638,533</u>	<u>(66,287,372)</u>
Total Capital Assets, Being Depreciated, Net	<u>76,095,763</u>	<u>(2,598,375)</u>	<u>-</u>	<u>73,497,388</u>
Governmental Activities Capital Assets, Net	<u>\$ 86,803,630</u>	<u>\$ (2,374,391)</u>	<u>\$ -</u>	<u>\$ 84,429,239</u>

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

Governmental Activities:	
Instruction	\$ 2,540,893
Support Services	448,393
Total	<u>\$ 2,989,286</u>

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended June 30, 2020:

	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance at June 30, 2020</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds:					
Series 2012B Refunding Bonds	\$ 18,070,000	\$ -	\$ 60,000	\$ 18,010,000	\$ 60,000
Series 2012A Refunding Bonds	23,175,000	-	2,925,000	20,250,000	2,985,000
Series 2001 Refunding Bonds	9,510,000	-	1,360,000	8,150,000	1,440,000
Bond Premiums	5,102,316	-	733,316	4,369,000	733,316
Total General Obligation Bonds	<u>55,857,316</u>	<u>-</u>	<u>5,078,316</u>	<u>50,779,000</u>	<u>5,218,316</u>
Service Bonus	292,931	-	131,585	161,346	105,666
Accrued Compensated Absences	2,005,242	935,097	709,826	2,230,513	557,628
Total	<u>\$ 58,155,489</u>	<u>\$ 935,097</u>	<u>\$ 5,919,727</u>	<u>\$ 53,170,859</u>	<u>\$ 5,881,610</u>

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

General Obligation Bonds

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

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

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

Bond payments, to maturity, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 4,485,000	\$ 2,091,642	\$ 6,576,642
2022	4,715,000	1,852,333	6,567,333
2023	4,965,000	1,596,358	6,561,358
2024	5,235,000	1,326,483	6,561,483
2025	5,510,000	1,041,951	6,551,951
2026-2030	21,500,000	2,239,773	23,739,773
Total	<u>\$ 46,410,000</u>	<u>\$ 10,148,540</u>	<u>\$ 56,558,540</u>

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 LONG-TERM DEBT (CONTINUED)

Service Bonus

Service bonus payments, to maturity, are as follows. In addition, the District has two employees eligible to receive a service bonus in the future. The potential liability if these employees accept the service bonus is approximately \$140,743.

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	\$ 105,666
2022	41,513
2023	14,167
Total	<u>\$ 161,346</u>

Defeased Debt

In August 2014, the School did an advance payment and deposited funds in an irrevocable trust with an escrow agent to provide for all future debt service payments for \$3,010,000 on the COPs Series 2010A and 2010B. Accordingly, the liability for the defeased debt has been removed from the District's financial statements. The total outstanding balance of the defeased debt at June 30, 2020 was \$2,695,000.

The District is subject to a legal debt limit of \$117,965,774.

NOTE 6 RISK MANAGEMENT

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

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

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

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 JOINTLY GOVERNED ORGANIZATION

The District, in conjunction with other surrounding districts, created the Pikes Peak Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost. The BOCES Board is comprised of one member from each participating district. During the year ended June 30, 2020, the District contributed \$368,587 to the BOCES. The BOCES financial statements can be obtained at its administrative office located at 4825 Lorna Place, Colorado Springs, Colorado 80915.

NOTE 8 DEFINED BENEFIT PENSION PLAN

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

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. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

General Information about the Pension Plan

Plan description

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

Benefits provided as of December 31, 2019

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.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

In all cases the service retirement benefit is limited to 100 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% or 100% 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, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00% 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 of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lesser of an annual increase of 1.25% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25% based on the parameters specified in 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.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions provisions as of June 30, 2020

Eligible employees of 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 8.75% of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below:

	July 1, 2019 Through June 30, 2020
Employer Contribution Rate	10.40 %
Amount of Employer Contribution Apportioned to the health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount Apportioned to the SCHDTF	9.38 %
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411	4.50 %
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411	5.50 %
Total Employer Contribution Rate to the SCHDTF	19.38 %

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. § 24-51-414, 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.

Subsequent to the SCHDTF's December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

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 \$6,274,999 for the year ended June 30, 2020.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2020, the District reported a liability of \$81,605,464 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer 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 nonemployer 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	\$	81,605,464
State's Proportionate Share of the Net Pension Liability Associated with the District		10,350,615
Total	\$	91,956,079

At December 31, 2019, the District's proportion was 0.546229243%, which was a decrease of 0.000815325% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of (\$10,077,087) and revenue of \$456,556 for support from the State as a nonemployer contributing entity. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 4,447,551	\$ -
Changes of Assumptions or other Inputs	2,329,711	37,015,465
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	9,666,979
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	151,417	7,452,832
Contributions Subsequent to the Measurement Date	3,119,452	-
Total	\$ 10,048,131	\$ 54,135,276

\$3,119,452 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, 2021.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2021	\$ (25,987,341)
2022	(18,080,065)
2023	149,230
2024	(3,288,421)

Actuarial assumptions

The total pension liability in the December 31, 2018 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 Increases, Including Wage Inflation	3.50 - 9.70%
Long-Term Investment Rate of Return, Net of Pension Plan	
Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	1.25% Compounded Annually Annually
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

For 2019, the annual increase was 0.0%.

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.

Post-retirement non-disabled mortality assumptions 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 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.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by 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:

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

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

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount rate

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

- 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 and the additional 0.50% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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 reflect 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.
- As specified in law, the State provides an annual direct distribution of \$225 million, which commenced 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.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50% to 1.25% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior 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%, 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%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	\$ 108,226,317	\$ 81,605,464	\$ 59,254,937

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.

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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 #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (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% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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% 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 \$330,263 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$4,012,283 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District's proportion was 0.3569652885%, which was an increase of 0.0013875339% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of (\$109,958). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 13,315	\$ 674,211
Changes of Assumptions or other Inputs	33,287	-
Net Difference between Projected and Actual		
Earnings on OPEB Plan Investments	-	66,970
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
Share of Contributions	101,667	-
Contributions Subsequent to the Measurement Date	164,182	-
Total	\$ 312,451	\$ 741,181

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

\$164,182 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 20, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2021	\$ (116,125)
2022	(116,118)
2023	(96,728)
2024	(129,279)
2025	(127,002)
Thereafter	(7,660)

Actuarial assumptions

The total OPEB liability in the December 31, 2018 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 Increases, Including Wage Inflation	3.50 % in the aggregate
Long-Term Investment Rate of Return, Net of OPEB Plan	
Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Health Care Cost Trend Rates	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	5.60% in 2019, gradually decreasing to 4.50% in 2029
Medicare Part A Premiums	3.50% for 2019, gradually increasing to 4.50% in 2029

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, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by 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.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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 2019 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$ 601	\$ 240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 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:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$ 562
Kaiser Permanente Medicare Advantage HMO	571

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 industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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

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

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

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

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Post-retirement non-disabled 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% 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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

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

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:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare Trend Rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	\$ 3,916,973	\$ 4,012,283	\$ 4,122,421

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Discount rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, 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.
- 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% 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%.

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%, 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%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 4,536,693	\$ 4,012,283	\$ 3,563,802

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.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2020, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, will not have a material effect on the overall financial position of the District.

TABOR Amendment

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

The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying revenue. At June 30, 2020, the District's reserve of \$2,066,784 was reported as restricted fund balance in the General Fund.

Litigation

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

NOTE 11 COMPONENT UNIT

The District has one discretely presented component unit.

Charter Schools

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

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

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

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

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 COMPONENT UNIT (CONTINUED)

Significant Accounting Policies

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

Cash and Investments

Cash and investments are reflected on the June 30, 2020 statement of net position as the following:

Cash and Investments Per the Government-Wide
Statement of Net Position

Cash and Deposit	\$ 3,817,420
Restricted Cash and Investments	<u>10,733,853</u>
Total	<u><u>\$ 14,551,273</u></u>

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

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

As of June 30, 2020, the charter school had the following investments:

<u>Investment</u>	<u>Maturity Less than One Year</u>	<u>Maturity 1 - 5 Years</u>	<u>Maturity 6-10 Years</u>	<u>Standard & Poor's Rating</u>	<u>Total</u>	<u>Concentration</u>
CSAFE	\$ 9,190,675	\$ -	\$ -	AAAm	\$ 9,190,675	85.6%
Cavanal Hill Money Market	1,543,178	-	-	AAAm	1,543,178	14.4%
Total	<u>\$ 10,733,853</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 10,733,853</u>	<u>100.0%</u>

The School invested \$1,543,178 in money market accounts with Bank of Arizona. A designated custodial bank provides safekeeping and depository services in connection with these money market accounts. Money market investments are exempt from fair value measurement and are measured at amortized cost.

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 COMPONENT UNIT (CONTINUED)

At June 30, 2020, the School had \$9,190,675 invested in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating CSAFE. CSAFE is rated AAAM by Standard & Poor's. Investments of CSAFE are limited to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value of \$1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. CSAFE records investments at amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice.

Capital Assets

Changes in capital assets for the year ended June 30, 2020 are summarized as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
GOVERNMENTAL ACTIVITIES				
Nondepreciable Assets				
Construction in Process	\$ 116,816	\$ 18,621,688	\$ -	\$ 18,738,504
Land	718,527	1,546,660	-	2,265,187
Total Nondepreciable Assets	835,343	20,168,348	-	21,003,691
Depreciable Assets				
Buildings and Improvements	12,261,192	32,321	-	12,293,513
Equipment	21,319	-	-	21,319
Total Depreciable Assets	12,282,511	32,321	-	12,314,832
Less Accumulated Depreciation				
Buildings and Improvements	(3,400,024)	(344,198)	-	(3,744,222)
Equipment	(20,644)	(1,329)	-	(21,973)
Total Accumulated Depreciation	(3,420,668)	(345,527)	-	(3,766,195)
Total Capital Assets, Net	<u>\$ 9,697,186</u>	<u>\$ 19,855,142</u>	<u>\$ -</u>	<u>\$ 29,552,328</u>

Long-Term Liabilities and Operating Leases

The following is a summary of the School's long-term debt transactions for the year ended June 30, 2020:

	<u>Balance at</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
GOVERNMENTAL ACTIVITIES					
Compensated Absences	\$ 27,194	\$ 47,863	\$ 46,363	\$ 28,694	\$ -
Building Loans - Series 2014	12,910,000	-	400,000	12,510,000	415,000
Building Loans Premium	322,393	-	15,727	306,666	15,727
Building Loans - Series 2019	-	28,950,000	-	28,950,000	-
Total	<u>\$ 13,259,587</u>	<u>\$ 28,997,863</u>	<u>\$ 462,090</u>	<u>\$ 41,795,360</u>	<u>\$ 430,727</u>

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 COMPONENT UNIT (CONTINUED)

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

The following schedule reflects the debt service requirements to maturity of the Series 2014 debt as of June 30, 2020:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 415,000	\$ 504,638	\$ 919,638
2022	435,000	487,638	922,638
2023	450,000	469,938	919,938
2024	470,000	451,538	921,538
2025	490,000	432,338	922,338
2026-2030	2,745,000	1,850,680	4,595,680
2031-2035	3,365,000	1,206,625	4,571,625
2036-2040	4,140,000	427,000	4,567,000
Total	<u>\$ 12,510,000</u>	<u>\$ 5,830,395</u>	<u>\$ 18,340,395</u>

During July 2019, the Public Finance Authority issued its Education Revenue Bonds (Monument Academy Foundation Project) as Series 2019A and 2019B, in the amount of \$28,950,000. The bonds were used for the Foundation Fund's capital expenditures relating to the construction of a new high school and to fund a debt reserve fund, to pay the initial interest payments of the Series 2019A and 2019B bonds, and to pay for the cost of issuance of the Series 2019A and 2019B bonds. The Public Finance Authority and Foundation have entered into a loan agreement wherein the proceeds of the Public Finance Authority bonds have been loaned to the Foundation. The bonds accrue interest at rates ranging from 5% to 6.75% per annum. Interest payments are due semi-annually on June 1st and December 1st. Principal payments are due annually beginning on June 1, 2023 with the final payment due on June 1, 2026.

The following schedule reflects the debt service requirements to maturity of the Series 2019 debt as of June 30, 2020:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 1,451,438	\$ 1,451,438
2022	-	1,451,438	1,451,438
2023	380,000	1,451,438	1,831,438
2024	405,000	1,428,500	1,833,500
2025	425,000	1,408,250	1,833,250
2026	27,740,000	1,387,000	29,127,000
Total	<u>\$ 28,950,000</u>	<u>\$ 8,578,064</u>	<u>\$ 37,528,064</u>

REQUIRED SUPPLEMENTARY INFORMATION

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Local Sources:			
Property Taxes	\$ 17,017,443	\$ 17,613,631	\$ 596,188
Specific Ownership Taxes	2,960,434	2,675,420	(285,014)
Tuition from Individuals	353,100	225,399	(127,701)
Rental Income	85,000	87,119	2,119
Pupil Activities	436,950	-	(436,950)
Investment Income	350,000	228,456	(121,544)
Other	746,500	669,716	(76,784)
Total Local Sources	<u>21,949,427</u>	<u>21,499,741</u>	<u>(449,686)</u>
State Sources:			
State Equalization	38,189,302	37,478,854	(710,448)
Exceptional Children's Education Act (ECEA)	1,097,137	1,173,890	76,753
Other	208,047	1,007,589	799,542
Total State Sources	<u>39,494,486</u>	<u>39,660,333</u>	<u>165,847</u>
Federal Sources:			
Impact Aid	-	3,017	3,017
Total Federal Sources	<u>-</u>	<u>3,017</u>	<u>3,017</u>
 Total Revenues	 <u>61,443,913</u>	 <u>61,163,091</u>	 <u>(280,822)</u>
EXPENDITURES			
Instruction:			
Salaries	20,958,491	20,334,005	624,486
Employee Benefits	6,292,311	6,007,383	284,928
Purchased Services	9,244,758	8,814,667	430,091
Supplies and Materials	1,519,086	1,093,638	425,448
Capital Outlay	10,400	5,621	4,779
Total Instruction	<u>38,025,046</u>	<u>36,255,314</u>	<u>1,769,732</u>
Supporting Services:			
Students:			
Salaries	2,115,315	2,399,544	(284,229)
Employee Benefits	664,528	686,156	(21,628)
Purchased Services	2,400	6,055	(3,655)
Supplies and Materials	16,000	13,525	2,475
Total Students	<u>2,798,243</u>	<u>3,105,280</u>	<u>(307,037)</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2020**

EXPENDITURES (CONTINUED)	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Supporting Services (Continued):			
Instructional Staff:			
Salaries	\$ 1,790,979	\$ 1,769,498	\$ 21,481
Employee Benefits	534,792	494,108	40,684
Purchased Services	117,300	120,830	(3,530)
Supplies and Materials	426,200	339,810	86,390
Capital Outlay	900	830	70
Total Instructional Staff	2,870,171	2,725,076	145,095
General Administration:			
Salaries	285,989	313,838	(27,849)
Employee Benefits	78,229	78,535	(306)
Purchased Services	433,500	357,126	76,374
Supplies and Materials	75,789	52,977	22,812
Capital Outlay	52,300	-	52,300
Other	24,500	32,918	(8,418)
Total General Administration	950,307	835,394	114,913
School Administration:			
Salaries	2,591,389	2,498,986	92,403
Employee Benefits	820,129	736,732	83,397
Purchased Services	112,283	26,755	85,528
Supplies and Materials	11,000	7,725	3,275
Other	8,115	5,174	2,941
Total School Administration	3,542,916	3,275,372	267,544
Business Services:			
Salaries	371,695	507,068	(135,373)
Employee Benefits	80,951	144,467	(63,516)
Purchased Services	81,267	67,637	13,630
Supplies and Materials	44,915	82,507	(37,592)
Capital Outlay	15,000	-	15,000
Total Business Services	593,828	801,679	(207,851)
Operations and Maintenance:			
Salaries	2,451,048	2,554,333	(103,285)
Employee Benefits	882,001	824,404	57,597
Purchased Services	2,536,214	2,432,179	104,035
Supplies and Materials	1,813,182	1,571,855	241,327
Total Operations and Maintenance	7,682,445	7,382,771	299,674

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES (CONTINUED)			
Supporting Services (Continued):			
Student Transportation:			
Salaries	\$ 13,900	\$ 14,699	\$ (799)
Employee Benefits	2,800	3,337	(537)
Purchased Services	-	46,855	(46,855)
Total Student Transportation	<u>16,700</u>	<u>64,891</u>	<u>(48,191)</u>
Central Support:			
Salaries	1,101,036	1,121,657	(20,621)
Employee Benefits	333,008	332,734	274
Purchased Services	163,350	554,835	(391,485)
Supplies and Materials	426,345	395,403	30,942
Capital Outlay	380,000	1,120	378,880
Other	900	80,086	(79,186)
Total Central Support	<u>2,404,639</u>	<u>2,485,835</u>	<u>(81,196)</u>
Total Support Services	<u>20,859,249</u>	<u>20,676,298</u>	<u>182,951</u>
Total Expenditures	58,884,295	56,931,612	1,952,683
Other Financing Sources (Uses):			
Transfers Out	<u>(2,646,300)</u>	<u>(2,646,300)</u>	-
Total Other Financial Sources (Uses)	<u>(2,646,300)</u>	<u>(2,646,300)</u>	-
NET CHANGE IN FUND BALANCE	(86,682)	1,585,179	1,671,861
Fund Balance - Beginning	<u>10,656,878</u>	<u>12,111,417</u>	<u>(1,454,539)</u>
FUND BALANCE - ENDING	<u>\$ 10,570,196</u>	<u>\$ 13,696,596</u>	<u>\$ 217,322</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
GRANTS FUND
YEAR ENDED JUNE 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Local Grants	\$ 30,000	\$ 35,456	\$ 5,456
State Grants	1,815,717	644,798	(1,170,919)
Federal Grants	<u>2,165,825</u>	<u>1,957,357</u>	<u>(208,468)</u>
Total Revenues	4,011,542	2,637,611	(1,373,931)
EXPENDITURES			
Current:			
Instruction	3,617,778	2,000,942	1,616,836
Supporting Services	393,764	357,673	36,091
Capital Outlay	-	278,996	278,996
Total Expenditures	<u>4,011,542</u>	<u>2,637,611</u>	<u>1,931,923</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020**

NOTE 1 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

Fiscal Year	2020	2019	2018	2017	2016	2015	2014
Plan Measurement Date	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
District's Proportion (Percentage) of the Collective Net Pension Liability	0.546229243%	0.5470445680%	0.6133837715%	0.6067133842%	0.6114576017%	0.6216267633%	0.6177944233%
District's Proportionate Share of the Collective Pension Liability	\$ 81,605,464	\$ 98,865,477	\$ 198,346,512	\$ 180,642,036	\$ 93,518,123	\$ 84,251,307	\$ 78,799,512
State's Proportionate Share of the Net Pension Liability associated with the District **	10,350,615	13,245,009	-	-	-	-	-
Total	<u>\$ 91,956,079</u>	<u>\$ 110,110,486</u>	<u>\$ 198,346,512</u>	<u>\$ 180,642,036</u>	<u>\$ 93,518,123</u>	<u>\$ 84,251,307</u>	<u>\$ 78,799,512</u>
Covered Payroll	32,096,829	\$ 30,096,052	\$ 27,835,885	\$ 26,796,166	\$ 26,648,010	\$ 26,041,696	\$ 24,903,866
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	254.2%	328.5%	712.6%	674.1%	350.9%	323.5%	316.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

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

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Statutorily Required Contributions	\$ 6,274,999	\$ 5,984,430	\$ 5,484,505	\$ 4,907,130	\$ 4,766,577	\$ 4,456,194	\$ 4,081,474	\$ 3,697,563	\$ 3,431,536	\$ 3,299,888
Contributions in Relation to the Statutorily Required Contribution	<u>6,274,999</u>	<u>5,984,430</u>	<u>5,484,505</u>	<u>4,907,130</u>	<u>4,766,577</u>	<u>4,456,194</u>	<u>4,081,474</u>	<u>3,697,563</u>	<u>3,431,536</u>	<u>3,299,888</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 32,378,718	\$ 31,282,952	\$ 29,046,528	\$ 26,696,334	\$ 26,880,806	\$ 26,394,640	\$ 25,531,897	\$ 24,519,616	\$ 24,199,828	\$ 24,848,555
Contribution as a Percentage of Covered Payroll	19.38%	19.13%	18.88%	18.38%	17.73%	16.88%	15.99%	15.08%	14.18%	13.28%

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

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

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

Fiscal Year	2020	2019	2018	2017
Plan Measurement Date	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
District's Proportion (Percentage) of the Collective OPEB Liability	0.3569652885%	0.3555777546%	0.3485222626%	0.3448630896%
District's Proportionate Share of the Collective OPEB Liability	\$ 4,012,283	\$ 4,837,785	\$ 4,529,395	\$ 4,471,267
Covered-Employee Payroll	\$ 32,096,829	\$ 30,096,052	\$ 27,835,885	\$ 26,796,166
District's Proportionate Share of the OPEB Liability as a Percentage of its Covered-Employee Payroll	12.50%	16.1%	16.3%	16.7%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.49%	17.0%	17.5%	16.7%

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

This schedule is presented to illustrate the requirement to show information for 10 years. Since years prior to 2017 were not reported in accordance with the current GASB standards, the information is not available.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily Required Contributions	\$ 330,263	\$ 319,086	\$ 296,275	\$ 272,303	\$ 274,184	\$ 269,225	\$ 260,425	\$ 250,100	\$ 246,838	\$ 253,455
Contributions in Relation to the Statutorily Required Contribution	330,263	319,086	296,275	272,303	274,184	269,225	260,425	250,100	246,838	253,455
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 32,378,718	\$ 31,282,952	\$ 29,046,528	\$ 26,696,334	\$ 26,880,806	\$ 26,394,640	\$ 25,531,897	\$ 24,519,616	\$ 24,199,828	\$ 24,848,555
Contribution as a Percentage of Covered-Employee Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Special Revenue</u>			<u>Capital Projects</u>		<u>Total</u>
	<u>Food Service</u>	<u>Pupil Activity</u>	<u>Transportation</u>	<u>Capital Reserve</u>	<u>Building Reserve</u>	
ASSETS						
Cash and Investments	\$ 323,517	\$ 336,930	\$ -	\$ 730,626	\$ 2,427,666	\$ 3,818,739
Accounts Receivable	-	36	116	-	64,611	64,763
Grants Receivable	-	-	-	-	-	-
Due from Other Funds	426,437	56,963	464,952	859,917	120,088	1,928,357
Inventory	34,147	-	-	-	-	34,147
Total Assets	<u>\$ 784,101</u>	<u>\$ 393,929</u>	<u>\$ 465,068</u>	<u>\$ 1,590,543</u>	<u>\$ 2,612,365</u>	<u>\$ 5,846,006</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 1,611	\$ 37	\$ 12,428	\$ 172,142	\$ -	\$ 186,218
Accrued Salaries and Benefits	47,692	-	163,991	-	-	211,683
Unearned Revenues	118,919	-	-	-	-	118,919
Total Liabilities	<u>168,222</u>	<u>37</u>	<u>176,419</u>	<u>172,142</u>	<u>-</u>	<u>516,820</u>
FUND BALANCES						
Nonspendable Inventories	34,147	-	-	-	-	34,147
Restricted for:						
Food Services	581,732	-	-	-	-	581,732
Grants	-	-	-	-	-	-
Building Reserve	-	-	-	-	2,612,365	2,612,365
Committed to:						
Capital Projects	-	-	-	1,418,401	-	1,418,401
Pupil Activities	-	393,892	-	-	-	393,892
Assigned to:						
Transportation	-	-	288,649	-	-	288,649
Total Fund Balance	<u>615,879</u>	<u>393,892</u>	<u>288,649</u>	<u>1,418,401</u>	<u>2,612,365</u>	<u>5,329,186</u>
Total Liabilities and Fund Balances	<u>\$ 784,101</u>	<u>\$ 393,929</u>	<u>\$ 465,068</u>	<u>\$ 1,590,543</u>	<u>\$ 2,612,365</u>	<u>\$ 5,846,006</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	<u>Special Revenue</u>			<u>Capital Projects</u>		<u>Total</u>
	<u>Food Service</u>	<u>Pupil Activity</u>	<u>Transportation</u>	<u>Capital Reserve</u>	<u>Building Reserve</u>	
REVENUES						
Local Sources	\$ 1,101,458	\$ 470,597	\$ 282,547	\$ 11,927	\$ 183,738	\$ 2,050,267
State Sources	10,745	-	567,405	-	-	578,150
Federal Sources	258,457	-	-	-	-	258,457
Other	6,787	-	-	-	-	6,787
Total Revenues	<u>1,377,447</u>	<u>470,597</u>	<u>849,952</u>	<u>11,927</u>	<u>183,738</u>	<u>2,893,661</u>
EXPENDITURES						
Current:						
Instruction	-	471,804	-	-	-	471,804
Supporting Services	1,540,779	-	2,362,342	-	-	3,903,121
Capital Outlay	93,215	-	-	564,745	-	657,960
Total Expenditures	<u>1,633,994</u>	<u>471,804</u>	<u>2,362,342</u>	<u>564,745</u>	<u>-</u>	<u>5,032,885</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(256,547)</u>	<u>(1,207)</u>	<u>(1,512,390)</u>	<u>(552,818)</u>	<u>183,738</u>	<u>(2,139,224)</u>
OTHER FINANCING SOURCES (USES)						
Insurance Proceeds	-	-	-	-	1,170,000	1,170,000
Transfers In	-	82,300	1,680,000	884,000	-	2,646,300
Sale of Capital Assets	-	-	-	-	63,069	63,069
Total Other Financing Sources(Uses)	<u>-</u>	<u>82,300</u>	<u>1,680,000</u>	<u>884,000</u>	<u>1,233,069</u>	<u>3,879,369</u>
NET CHANGE IN FUND BALANCES	<u>(256,547)</u>	<u>81,093</u>	<u>167,610</u>	<u>331,182</u>	<u>1,416,807</u>	<u>1,740,145</u>
Fund Balances - Beginning	<u>872,426</u>	<u>312,799</u>	<u>121,039</u>	<u>1,087,219</u>	<u>1,195,558</u>	<u>3,589,041</u>
FUND BALANCES - ENDING	<u>\$ 615,879</u>	<u>\$ 393,892</u>	<u>\$ 288,649</u>	<u>\$ 1,418,401</u>	<u>\$ 2,612,365</u>	<u>\$ 5,329,186</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
BOND REDEMPTION FUND
YEAR ENDED JUNE 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Local Sources:			
Property Taxes	\$ 6,628,996	6,672,094	\$ 43,098
Total Revenues	<u>6,628,996</u>	<u>6,672,094</u>	<u>43,098</u>
EXPENDITURES			
Debt Service:			
Principal	4,345,000	4,345,000	-
Interest and Fiscal Charges	2,283,996	2,283,496	500
Total Expenditures	<u>6,628,996</u>	<u>6,628,496</u>	<u>500</u>
NET CHANGE IN FUND BALANCE	-	43,598	43,598
Fund Balance - Beginning	<u>6,335,497</u>	<u>6,422,103</u>	<u>86,606</u>
FUND BALANCE - ENDING	<u>\$ 6,335,497</u>	<u>\$ 6,465,701</u>	<u>\$ 130,204</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
PUPIL ACTIVITY FUND
YEAR ENDED JUNE 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Local Sources:			
Activities and Athletic Fees	\$ 570,000	\$ 470,597	\$ (99,403)
Total Revenues	<u>570,000</u>	<u>470,597</u>	<u>(99,403)</u>
EXPENDITURES			
Current:			
Instruction	553,000	471,804	81,196
Total Expenditures	<u>553,000</u>	<u>471,804</u>	<u>81,196</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	17,000	(1,207)	(18,207)
OTHER FINANCING SOURCES			
Transfers In	82,300	82,300	-
Total Other Financing Sources	<u>82,300</u>	<u>82,300</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	99,300	81,093	(18,207)
Fund Balance - Beginning	<u>420,303</u>	<u>312,799</u>	<u>(107,504)</u>
FUND BALANCE - ENDING	<u>\$ 519,603</u>	<u>\$ 393,892</u>	<u>\$ (125,711)</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Local Sources:			
Transportation Funding	\$ 301,600	\$ 282,547	\$ (19,053)
State Sources:			
Transportation Funding	542,367	567,405	25,038
Total Revenues	<u>843,967</u>	<u>849,952</u>	<u>5,985</u>
EXPENDITURES			
Current:			
Supporting Services	2,523,508	2,362,342	161,166
Total Expenditures	<u>2,523,508</u>	<u>2,362,342</u>	<u>161,166</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,679,541)	(1,512,390)	167,151
OTHER FINANCING SOURCES			
Transfers In	<u>1,680,000</u>	<u>1,680,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	459	167,610	167,151
Fund Balance - Beginning	<u>64,569</u>	<u>121,039</u>	<u>56,470</u>
FUND BALANCE - ENDING	<u>\$ 65,028</u>	<u>\$ 288,649</u>	<u>\$ 223,621</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
YEAR ENDED JUNE 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Local Sources:			
Investment Income	\$ 5,000	11,927	\$ 6,927
Total Revenues	<u>5,000</u>	<u>11,927</u>	<u>6,927</u>
EXPENDITURES			
Current:			
Capital Outlay	1,005,871	564,745	441,126
Total Expenditures	<u>1,005,871</u>	<u>564,745</u>	<u>441,126</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,000,871)	(552,818)	448,053
OTHER FINANCING SOURCES			
Transfers In	884,000	884,000	-
Total Other Financing Sources	<u>884,000</u>	<u>884,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(116,871)	331,182	448,053
Fund Balance - Beginning	<u>116,871</u>	<u>1,087,219</u>	<u>970,348</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 1,418,401</u>	<u>\$ 1,418,401</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
BUILDING RESERVE FUND
YEAR ENDED JUNE 30, 2020**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Local Sources:			
Investment Income	\$ 17,000	\$ 42,366	\$ 25,366
Other	225,000	141,372	(83,628)
Total Revenues	242,000	183,738	(58,262)
EXPENDITURES			
Reserves	1,492,000	-	1,492,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			
	(1,250,000)	183,738	1,433,738
OTHER FINANCING SOURCES			
Insurance Proceeds	-	1,170,000	1,170,000
Transfers in	-	-	-
Sale of Capital Assets	-	63,069	-
Total Other Financing Sources	-	1,233,069	1,170,000
NET CHANGE IN FUND BALANCE			
	(1,250,000)	1,416,807	2,603,738
Fund Balance - Beginning	1,250,000	1,195,558	(54,442)
FUND BALANCE - ENDING	\$ -	\$ 2,612,365	\$ 1,120,365

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Charges for Services	\$ 1,475,000	1,101,458	\$ (373,542)
State Grants	10,500	10,745	245
Federal Grants	250,000	258,457	8,457
Other	10,500	6,787	(3,713)
Total Revenues	<u>1,746,000</u>	<u>1,377,447</u>	<u>(368,553)</u>
EXPENDITURES			
Current:			
Support Services	1,685,655	1,540,779	144,876
Capital Outlay	150,000	93,215	56,785
Total Expenditures	<u>1,835,655</u>	<u>1,633,994</u>	<u>201,661</u>
NET CHANGE IN FUND BALANCE	(89,655)	(256,547)	(166,892)
Fund Balance - Beginning	<u>775,962</u>	<u>872,426</u>	<u>96,464</u>
FUND BALANCE - ENDING	<u><u>\$ 686,307</u></u>	<u><u>\$ 615,879</u></u>	<u><u>\$ (70,428)</u></u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
YEAR ENDED JUNE 30, 2020**

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
ASSETS				
Cash	\$ 2,212,339	\$ 2,285,080	\$ 2,476,932	\$ 2,020,487
Accounts Receivable	13,001	6,183	13,001	6,183
Total Assets	<u>\$ 2,225,340</u>	<u>\$ 2,291,263</u>	<u>\$ 2,489,933</u>	<u>\$ 2,026,670</u>
LIABILITIES				
Accounts Payable	\$ 561,284	\$ 234,100	\$ 561,284	\$ 234,100
Due to Student Groups	1,664,056	2,057,163	1,928,649	1,792,570
Total Liabilities	<u>\$ 2,225,340</u>	<u>\$ 2,291,263</u>	<u>\$ 2,489,933</u>	<u>\$ 2,026,670</u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
 BUDGETARY COMPARISON SCHEDULE
 AGENCY FUND
 YEAR ENDED JUNE 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
RECEIPTS			
Student Activities	\$ 2,465,000	2,057,163	\$ (407,837)
DISBURSEMENTS			
Student Activities	<u>4,193,463</u>	<u>1,928,649</u>	<u>2,264,814</u>
NET CHANGE IN DUE TO STUDENT GROUPS	(1,728,463)	128,514	1,856,977
Due to Student Groups - Beginning	<u>1,728,463</u>	<u>1,664,056</u>	<u>(64,407)</u>
DUE TO STUDENT GROUPS - ENDING	<u><u>\$ -</u></u>	<u><u>\$ 1,792,570</u></u>	<u><u>\$ 1,792,570</u></u>

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
STATISTICAL SECTION
YEAR ENDED JUNE 30, 2020**

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

Content

Financial Trends Information

These tables contain trend information to help the reader understand how the District's financial condition has changed over time. 61 – 64

Revenue Capacity Information

These tables contain information to help the reader assess the District's largest revenue sources, state equalization and property taxes. 65 – 68

Debt Capacity Information

These tables present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. 69 - 72

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. 73 - 75

Operating Information

These tables contain service data to help the reader understand how the information in the financial report relates to the services the District provides and the activities it performs. 76 - 79

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities										
Net Investment in Capital Assets	\$ 35,472,223	\$ 33,048,823	\$ 29,228,404	\$ 26,068,898	\$ 23,587,394	\$ 20,651,643	\$ 16,610,669	\$ 14,126,029	\$ 12,877,619	\$ 9,188,452
Restricted	11,687,022	10,312,003	9,585,182	9,111,335	8,632,137	8,772,885	8,271,674	8,446,707	9,257,745	9,499,647
Unrestricted	(118,533,371)	(133,802,612)	(145,628,142)	(105,184,371)	(76,862,711)	(73,300,216)	8,347,257	9,740,521	6,138,176	5,144,404
Total Governmental Activities Net Position	<u>\$ (71,374,126)</u>	<u>\$ (90,441,786)</u>	<u>\$ (106,814,556)</u>	<u>\$ (70,004,138)</u>	<u>\$ (44,643,180)</u>	<u>\$ (43,875,688)</u>	<u>\$ 33,229,600</u>	<u>\$ 32,313,257</u>	<u>\$ 28,273,540</u>	<u>\$ 23,832,503</u>
Business-type Activities										
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,758	\$ 72,345	\$ 85,729	\$ 95,258
Unrestricted	-	-	-	-	-	-	659,137	511,502	414,832	292,439
Total Business-Type Activities Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 774,895</u>	<u>\$ 583,847</u>	<u>\$ 500,561</u>	<u>\$ 387,697</u>
Primary Government										
Net Investment in Capital Assets	\$ 35,472,223	\$ 33,048,823	\$ 29,228,404	\$ 26,068,898	\$ 23,587,394	\$ 20,651,643	\$ 16,726,427	\$ 14,198,374	\$ 12,963,348	\$ 9,283,710
Restricted	11,687,022	10,312,003	9,585,182	9,111,335	8,632,137	8,772,885	8,271,674	8,446,707	9,257,745	9,499,647
Unrestricted	(118,533,371)	(133,802,612)	(145,628,142)	(105,184,371)	(76,862,711)	(73,300,216)	9,006,394	10,252,023	6,553,008	5,436,843
Total Primary Government Net Position	<u>\$ (71,374,126)</u>	<u>\$ (90,441,786)</u>	<u>\$ (106,814,556)</u>	<u>\$ (70,004,138)</u>	<u>\$ (44,643,180)</u>	<u>\$ (43,875,688)</u>	<u>\$ 34,004,495</u>	<u>\$ 32,897,104</u>	<u>\$ 28,774,101</u>	<u>\$ 24,220,200</u>

Source: School District Financial Records

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental Activities:										
Instruction	\$ 33,132,627	\$ 32,098,506	\$ 57,919,925	\$ 52,286,500	\$ 35,683,183	\$ 34,176,973	\$ 31,453,078	\$ 29,568,994	\$ 28,871,563	\$ 28,972,597
Supporting Services	20,230,239	21,338,082	38,176,923	33,462,917	22,904,290	22,683,717	19,062,479	17,748,199	17,787,862	18,604,903
Interest on Long-Term Debt	1,815,260	1,981,689	2,120,498	2,247,213	2,376,884	2,484,535	2,903,437	3,399,859	3,201,849	5,934,775
Total Governmental Activities Expense	55,178,126	55,418,277	98,217,346	87,996,630	60,964,357	59,345,225	53,418,994	50,717,052	49,861,274	53,512,275
Business-Type Activities:										
Food Service	-	-	-	-	-	-	1,357,368	1,410,792	1,378,146	1,349,797
Total Primary Government Expenses	\$ 55,178,126	\$ 55,418,277	\$ 98,217,346	\$ 87,996,630	\$ 60,964,357	\$ 59,345,225	\$ 54,776,362	\$ 52,127,844	\$ 51,239,420	\$ 54,862,072
Program Revenues										
Governmental Activities:										
Charges for Services										
Instruction	\$ 742,769	\$ 1,521,058	\$ 1,513,999	\$ 1,398,440	\$ 1,308,871	\$ 1,557,252	\$ 1,559,564	\$ 1,669,594	\$ 1,550,501	\$ 1,893,301
Supporting Services	1,148,640	1,416,754	1,364,477	882,856	1,311,313	1,423,027	157,705	202,816	87,593	109,389
Operating Grants and Contributions	7,040,294	4,720,379	4,267,292	4,004,429	3,827,735	3,716,057	2,941,452	2,965,986	2,992,755	3,260,963
Capital Grants and Contributions	82,585	-	-	-	-	1,778	1,809	34,881	-	-
Total Governmental Activities Program Revenues	9,014,288	7,658,191	7,145,768	6,285,725	6,447,919	6,698,114	4,660,530	4,873,277	4,630,849	5,263,653
Business-Type Activities:										
Charges for Services	-	-	-	-	-	-	1,222,026	1,139,767	1,148,923	1,093,437
Operating Grants and Contributions	-	-	-	-	-	-	325,575	354,189	342,087	325,960
Total Business-Type Activities Program Revenues	-	-	-	-	-	-	1,547,601	1,493,956	1,491,010	1,419,397
Total Primary Government Program Revenues	\$ 9,014,288	\$ 7,658,191	\$ 7,145,768	\$ 6,285,725	\$ 6,447,919	\$ 6,698,114	\$ 6,208,131	\$ 6,367,233	\$ 6,121,859	\$ 6,683,050
Net (Expenses)/Revenues										
Governmental Activities	\$ (46,163,838)	\$ (47,760,086)	\$ (91,071,578)	\$ (81,710,905)	\$ (54,516,438)	\$ (52,647,111)	\$ (48,758,464)	\$ (45,843,775)	\$ (45,230,425)	\$ (48,248,622)
Business-Type Activities	-	-	-	-	-	-	190,233	83,164	112,864	69,600
Total Primary Government Net Expenses	\$ (46,163,838)	\$ (47,760,086)	\$ (91,071,578)	\$ (81,710,905)	\$ (54,516,438)	\$ (52,647,111)	\$ (48,568,231)	\$ (45,760,611)	\$ (45,117,561)	\$ (48,179,022)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 24,388,541	\$ 22,563,636	\$ 22,218,779	\$ 21,620,545	\$ 21,177,831	\$ 21,234,312	\$ 21,334,971	\$ 21,852,113	\$ 21,991,261	\$ 23,294,178
Specific Ownership Taxes	2,675,420	2,803,558	2,881,378	2,613,971	2,411,464	2,291,765	2,237,634	2,303,217	2,022,860	2,055,909
State Equalization	37,478,854	36,484,643	32,978,384	31,369,002	29,559,060	28,242,190	26,174,269	24,636,465	24,051,173	22,957,130
Earnings on Investments	289,536	228,787	101,791	66,311	46,929	33,951	29,969	49,604	31,647	32,007
Gain on Disposal of Capital Assets	-	-	-	-	-	2,200	4,400	-	-	-
Grants and Contributions not Restricted	-	-	-	-	-	-	-	-	34,816	1,469,424
Loss on Advance Debt Payment	-	-	-	-	-	(615,697)	-	-	-	-
Other Revenue	399,147	2,052,232	415,244	680,118	553,662	253,233	564,156	1,042,093	209,321	222,596
Total Governmental Activities	65,231,498	64,132,856	58,595,576	56,349,947	53,748,946	51,441,954	50,345,399	49,883,492	48,341,078	50,031,244
Business-Type Activities:										
Earnings on Investments	-	-	-	-	-	-	815	122	-	-
Other Revenue	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-	-	815	122	-	-
Total Primary Government	\$ 65,231,498	\$ 64,132,856	\$ 58,595,576	\$ 56,349,947	\$ 53,748,946	\$ 51,441,954	\$ 50,346,214	\$ 49,883,614	\$ 48,341,078	\$ 50,031,244
Change in Net Position										
Governmental Activities	\$ 19,067,660	\$ 16,372,770	\$ (32,476,002)	\$ (25,360,958)	\$ (767,492)	\$ (1,205,157)	\$ 1,586,935	\$ 4,039,717	\$ 3,110,653	\$ 1,782,622
Business-Type Activities	-	-	-	-	-	-	191,048	83,286	112,864	69,600
Total Primary Government	\$ 19,067,660	\$ 16,372,770	\$ (32,476,002)	\$ (25,360,958)	\$ (767,492)	\$ (1,205,157)	\$ 1,777,983	\$ 4,123,003	\$ 3,223,517	\$ 1,852,222

Source: School District Financial Records

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Nonspendable	\$ 187,146	\$ 163,853	\$ 160,222	\$ 166,510	\$ 190,166	\$ 178,743	\$ 217,127	\$ 171,929	\$ 147,072	\$ 137,088
Restricted	2,066,784	1,916,524	1,663,192	1,629,984	1,521,409	1,380,000	1,425,000	1,335,184	1,292,000	1,305,770
Committed	563,200	963,294	1,079,360	1,385,370	1,684,300	1,627,592	4,167,592	4,135,880	1,304,198	934,819
Assigned	4,313,818	-	-	-	-	-	-	-	2,540,000	37,240
Unassigned	6,565,648	9,067,746	7,785,157	7,238,227	6,580,552	6,012,016	7,115,360	6,126,114	5,777,152	7,682,606
Total General Fund	<u>13,696,596</u>	<u>12,111,417</u>	<u>10,687,931</u>	<u>10,420,091</u>	<u>9,976,427</u>	<u>9,198,351</u>	<u>12,925,079</u>	<u>11,769,107</u>	<u>11,060,422</u>	<u>10,097,523</u>
All Other Governmental Funds:										
Nonspendable	34,147	41,187	53,625	42,207	54,361	53,429	-	-	-	-
Restricted	9,659,798	8,448,900	7,975,970	7,558,299	7,179,292	7,538,058	6,996,066	7,873,735	8,072,392	8,432,556
Committed	1,812,293	1,400,018	578,559	553,111	200,054	189,646	173,028	1,408,995	218,861	-
Assigned	288,649	121,039	126,201	152,273	152,028	130,957	572,143	349,017	68,754	447,569
Unassigned	-	-	-	-	-	(23,432)	(292)	-	-	(48,801)
Total all Other Governmental Funds	<u>11,794,887</u>	<u>10,011,144</u>	<u>8,734,355</u>	<u>8,305,890</u>	<u>7,585,735</u>	<u>7,888,658</u>	<u>7,740,945</u>	<u>9,631,747</u>	<u>8,360,007</u>	<u>8,831,324</u>
Total Governmental Funds	<u>\$ 25,491,483</u>	<u>\$ 22,122,561</u>	<u>\$ 19,422,286</u>	<u>\$ 18,725,981</u>	<u>\$ 17,526,162</u>	<u>\$ 17,087,009</u>	<u>\$ 20,666,024</u>	<u>\$ 21,400,854</u>	<u>\$ 19,420,429</u>	<u>\$ 18,928,847</u>

Source: School District Financial Records

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Local Sources	\$ 30,257,558	\$ 29,832,769	\$ 28,979,608	\$ 28,016,429	\$ 27,172,863	\$ 26,922,009	\$ 25,667,825	\$ 26,335,803	\$ 26,022,407	\$ 27,698,488
State Sources	40,883,281	39,369,803	35,093,650	33,027,558	31,339,803	30,443,778	27,846,049	26,216,060	25,569,991	24,480,437
Federal Sources	2,218,831	2,003,632	1,655,112	1,588,710	1,584,382	1,475,457	1,236,478	1,370,465	1,500,383	3,102,544
Other	6,787	84,363	38,796	16,075	26,834	13,510	-	5,578	-	-
Total Revenues	73,366,457	71,290,567	65,767,166	62,648,772	60,123,882	58,854,754	54,750,352	53,927,906	53,092,781	55,281,469
Expenditures:										
Current:										
Instruction	38,722,439	35,964,199	33,109,957	31,543,920	29,990,421	29,126,314	28,122,792	26,848,017	26,170,959	26,271,805
Supporting Services	24,935,142	24,316,905	22,949,491	21,489,367	20,671,313	19,675,209	17,578,208	16,762,396	17,009,905	17,777,229
Bond Issuance Costs	-	-	-	-	-	-	-	152,179	272,521	165,483
Capital Outlay	944,527	2,973,680	2,413,169	1,945,028	1,759,522	2,743,492	1,729,300	855,504	786,558	493,618
Debt Service:										
Principal	4,345,000	4,145,000	3,965,000	3,745,000	4,290,000	4,145,000	4,970,001	4,860,002	2,517,059	3,304,616
Interest on Long-Term Debt	2,283,496	2,448,297	2,633,244	2,787,146	2,937,473	3,100,339	3,386,522	3,496,963	5,390,344	5,251,458
Total Expenditures	71,230,604	69,848,081	65,070,861	61,510,461	59,648,729	58,790,354	55,786,823	52,975,061	52,147,346	53,264,209
Excess (Deficiency) of Revenues										
Over Expenditures	2,135,853	1,442,486	696,305	1,138,311	475,153	64,400	(1,036,471)	952,845	945,435	2,017,260
Other Financing Sources (Uses):										
Proceeds from Bond Issuance	-	-	-	-	-	-	-	18,440,000	33,220,000	4,135,000
Bond Premium	-	-	-	-	-	-	-	2,534,879	5,916,080	-
Bond Discount	-	-	-	-	-	-	-	-	-	(38,681)
Bond Refinanced	-	-	-	-	-	-	-	-	-	(1,518,826)
Proceeds from Sale of Capital Assets	63,069	1,257,789	-	25,508	-	2,200	4,400	-	-	-
Proceeds from Capital Lease	-	-	-	-	-	-	-	-	-	-
Payments to Refunded Bond Escrow Agent	-	-	-	-	-	(4,304,752)	-	(20,825,429)	(39,589,933)	-
Proceeds from Insurance Claim	1,170,000	-	-	-	-	-	297,241	878,130	-	-
Transfer In	2,646,300	3,710,728	3,182,300	3,502,300	-	3,032,301	2,518,555	3,352,049	1,254,979	1,033,643
Transfer Out	(2,646,300)	(3,710,728)	(3,182,300)	(3,502,300)	-	(3,032,301)	(2,518,555)	(3,352,049)	(1,254,979)	(1,033,643)
Total Other Financing Sources (Uses)	1,233,069	1,257,789	-	25,508	-	(4,302,552)	301,641	1,027,580	(453,853)	2,577,493
Net Change in Fund Balance	\$ 3,368,922	\$ 2,700,275	\$ 696,305	\$ 1,163,819	\$ 475,153	\$ (4,238,152)	\$ (734,830)	\$ 1,980,425	\$ 491,582	\$ 4,594,753
Debt Service as a percentage of noncapital expenditures	9.4%	9.7%	10.4%	10.8%	12.3%	12.9%	15.5%	16.0%	15.4%	16.2%

Source: School District Financial Records

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

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial, Agricultural and, Natural Resources	State Assessed	Vacant Land and Public Utilities Property	Total Taxable Assessed Value	Estimated Actual Taxable Value (1)	Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value	Assessment Rate	
										Residential Property	All Other Property
2020	\$ 444,874,780	\$ 77,393,610	\$ 12,371,020	\$ 21,910,750	\$ 33,278,710	\$ 589,828,870	\$ 6,721,579,134	41.430	8.8%	7.15	29.00
2019	379,326,710	69,322,860	11,150,430	21,192,600	32,578,610	513,571,210	5,731,366,285	44.068	9.0%	7.15	29.00
2018	362,422,800	66,601,260	11,211,560	21,024,290	36,898,960	498,158,870	5,614,887,365	44.651	9.1%	7.2	29.00
2017	344,428,230	57,296,350	10,964,950	20,131,490	33,633,700	466,454,720	4,747,582,685	46.404	9.8%	7.96	29.00
2016	335,741,010	55,936,260	11,369,310	19,432,490	35,088,330	457,567,400	4,637,767,815	46.501	9.9%	7.96	29.00
2015	308,566,710	51,718,400	10,289,420	20,335,440	36,808,230	427,718,200	4,287,343,262	49.677	9.9%	7.96	29.00
2014	301,609,520	51,296,670	13,953,140	18,574,740	40,574,740	426,008,810	4,216,796,666	50.091	10.1%	7.96	29.00
2013	303,045,260	51,874,500	12,018,310	16,674,870	43,446,490	427,059,430	4,234,703,907	51.756	10.1%	7.96	29.00
2012	299,502,960	52,114,110	6,603,760	17,067,040	45,926,050	421,213,920	4,182,260,691	52.343	10.1%	7.96	29.00
2011	323,756,700	54,727,430	11,436,780	16,289,780	57,876,540	464,087,230	4,551,022,062	50.324	10.2%	7.96	29.00

Source: El Paso County Assessor Office

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

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

Tax Year/ Collection Year	Lewis Palmer School District (1)					Overlapping Rates (2)					
	General Fund	Mill Levy Override	S.B. 184 (1)	Bond Fund	Total	El Paso County	Town of Monument	Town of Palmer Lake	Library District	Triview Metropolitan District	Tri-Lakes Fire District
2019-20	23.164	6.782	0.139	11.345	41.430	7.552	6.152	21.238	3.731	32.000	18.400
2018-19	23.164	7.789	0.083	13.032	44.068	8.068	6.289	21.238	4.000	35.000	18.400
2017-18	23.164	8.030	0.042	13.415	44.651	7.965	6.225	21.135	3.812	35.000	18.100
2016-17	23.164	8.575	0.334	14.331	46.404	7.754	6.454	21.407	3.957	35.000	11.500
2015-16	23.164	8.742	0.192	14.403	46.501	7.869	6.255	11.238	3.857	35.000	11.500
2014-15	23.164	9.346	0.084	17.083	49.677	7.791	6.289	16.459	4.000	35.000	11.500
2013-14	23.164	9.397	0.342	17.188	50.091	7.714	6.289	16.459	4.000	35.000	11.500
2012-13	23.164	9.366	0.184	19.042	51.756	7.663	6.289	16.459	4.000	35.000	11.500
2011-12	23.164	9.496	0.104	19.579	52.343	7.597	6.289	16.459	3.999	35.000	8.500
2010-11	23.164	8.619	0.441	18.100	50.324	7.537	6.289	16.459	3.556	35.000	8.500

Source: El Paso County Assessor; ABSTRACT OF ASSESSMENT

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

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
PRINCIPAL TAXPAYERS
JUNE 30, 2020
(UNAUDITED)

	2020			2011		
	Assessed Value	Rank	% of Total Value	Assessed Value	Rank	% of Total Value
Mountain View Electric Assoc. Inc.	\$ 8,463,680	1	1.59%	\$3,816,790	3	0.83%
Depuy Synthes	6,451,090	2	1.10%	8,677,130	1	1.88%
TKG Monument Development LLC	4,377,910	3	0.80%			
Wal-Mart Real Estate, Trs LLC, and Stores Inc	3,734,120	4	0.76%	4,573,780	2	0.99%
Vistas At Jackson Creek LLC	3,128,770	5	0.52%			
Regency Centers LP	2,860,040	6	0.50%	2,280,060	6	0.49%
Hand Innovations LLC	2,473,160	7	0.44%			
Blackhills Colo Gas Utility Co	2,363,320	8	0.43%			
Monument Healthcare Properties LLC	2,361,270	9				
Tri-State Gen & Transm Assoc	2,340,120	10				
Safeway Stores 45 Inc				1,737,210	8	0.37%
Kohl's Department Stores Inc				1,869,510		0.39%
HD Development of Maryland Inc.				1,797,330	7	0.39%
Union Pacific Corp				1,106,330	10	0.24%
Qwest Corp.				2,480,500	4	0.54%
Jackson Creek Land Company				2,087,440		0.47%
Monument Market Place Shops				2,308,370	5	0.50%
Colorado Interstate Gas Co.				1,268,700	9	0.27%
Total	\$ 38,553,480			\$ 34,003,150		
Total Assessed Valuation	\$ 513,571,220			\$ 462,092,160		

Source: El Paso County Treasurer Office - Property Tax Statements

Note: Schedule is presented for the year in which the most recent data is available.

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

Tax Year/ Collection Year	Current Tax Levy (1)	Current Tax Collections	Percentage of Current Levy	Prior Years Delinquent Tax Collections	Total Tax Collection	Percent of Total Tax Levy
2019-20	\$24,436,610	\$ 22,334,559	91.4%	\$ (5,460)	\$ 22,329,099	91.4%
2018-19	22,632,057	22,566,457	99.7%	(5,075)	22,561,382	99.7%
2017-18	22,243,221	22,249,744	100.0%	(5,141)	22,244,603	100.0%
2016-17	21,645,381	21,658,505	100.0%	(8,174)	21,650,331	100.0%
2015-16	21,277,066	21,174,614	99.5%	(69,766)	21,104,848	99.2%
2014-15	21,261,696	20,855,371	98.1%	(29,497)	20,825,874	98.0%
2013-14	21,321,013	21,288,599	99.8%	46,372	21,334,971	100.1%
2012-13	22,102,906	21,888,776	99.0%	(36,663)	21,852,113	98.9%
2011-12	22,047,620	22,027,703	99.9%	(36,442)	21,991,261	99.7%
2010-11	23,354,743	23,305,294	99.8%	3,235	23,308,529	99.8%

Source: El Paso County Treasurer Office
School District Financial Records

(1) Includes General and Debt Service Funds.

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

Fiscal Year	General Obligation Bonds	Certificates of Participation	Capital Leases	Total Primary Government	Ratio of Total Debt Estimated Actual Property Value	Total Debt Per Membership	Percentage of Personal Income
2020	\$ 50,779,000	\$ -	\$ -	\$ 50,779,000	0.8%	\$ 7,799	n/a
2019	55,857,316	-	-	55,857,316	1.0%	8,071	n/a
2018	60,735,632	-	-	60,735,632	1.1%	8,784	n/a
2017	65,478,408	-	-	65,478,408	1.4%	9,745	n/a
2016	70,001,184	-	-	70,001,184	1.5%	11,036	0.23%
2015	71,924,996	-	-	71,924,996	1.7%	11,588	0.24%
2014	76,647,075	3,689,055	-	80,336,130	1.9%	12,803	0.30%
2013	81,944,615	3,842,121	-	85,786,736	2.0%	13,942	0.31%
2012	86,822,038	3,990,187	-	90,812,225	2.2%	14,946	0.34%
2011	93,285,873	4,098,253	14,198	97,398,324	2.1%	16,296	0.38%

Source: El Paso County Assessor Office
School District Records

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

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Membership	Gross Bonded Debt District Per Capita Population
2020	\$50,779,000	6,391,994	\$44,387,006	0.7%	\$ 6,817	\$ 1,266
2019	55,857,316	6,442,103	49,415,213	0.9%	7,140	1,393
2018	60,735,632	6,335,497	54,400,135	1.0%	7,868	1,539
2017	65,478,408	6,254,365	59,224,043	1.2%	8,814	1,686
2016	67,083,980	6,112,889	60,971,091	1.3%	9,612	1,758
2015	71,924,996	6,794,687	65,130,309	1.4%	10,493	1,924
2014	76,647,075	6,711,505	69,935,570	1.6%	11,145	2,086
2013	81,944,615	7,397,165	74,547,450	1.8%	12,116	2,254
2012	86,822,038	7,302,534	79,519,504	1.9%	13,087	2,423
2011	93,285,873	7,399,390	85,886,483	2.1%	14,369	2,639

Source: El Paso County Assessor Office
School District Records

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2020
(UNAUDITED)

	Assessed Valuation	Debt Outstanding	Percent Applicable to School District (2)	Gross Direct and Overlapping Debt	Direct and Overlapping Debt / Assessed Valuation
Direct Debt:					
El Paso County School District #38 Lewis-Palmer	\$589,828,870	\$ 50,779,000	100%	\$50,779,000	
Overlapping Debt:					
Black Forest Fire and Rescue District		200,000	7.36%	14,720	
Lake of the Rockies MD		3,154,000	100.00%	3,154,000	
Pinon Pines MD No. 1		8,330,000	100.00%	8,330,000	
Pinon Pines MD No. 2		7,560,000	100.00%	7,560,000	
Triview Metropolitan District		43,910,000	94.72%	41,591,552	
Triview Metropolitan District No. 2		1,600,000	100.00%	1,600,000	
Triview Metropolitan District No. 4		5,000,000	100.00%	5,000,000	
Village Center Metropolitan District		8,235,000	100.00%	8,235,000	
Wagons West Metropolitan District		2,238,000	100.00%	2,238,000	
Willow Springs Ranch Metropolitan District		10,000,000	50.44%	5,044,000	
Total				<u>\$133,546,272</u>	22.64%

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

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

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

Actual Value - 2020 6,721,579,134

Assessed Valuation - 2020	\$ 589,828,870
Legal debt limit percentage	<u>20%</u>
Legal debt limit	<u><u>117,965,774</u></u>

Amount of debt applicable to debt limit:

Total bonded debt	55,779,000
Less Debt Service Funds available	<u>6,566,298</u>
Total amount of debt applicable to debt limit	49,212,702

Legal Debt Margin 68,753,072

	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Gross Debt Applicable to the Limit as a Percentage of Debt Limit</u>
2020	\$117,965,774	\$49,212,702	\$68,753,072	41.72%
2019	102,714,242	49,435,213	53,279,029	48.13%
2018	102,656,214	54,400,135	48,256,079	52.99%
2017	93,290,944	59,224,043	34,066,901	63.48%
2016	91,513,480	60,971,091	30,542,389	66.63%
2015	91,715,772	65,130,309	26,585,463	71.01%
2014	85,201,762	69,935,570	15,266,192	82.08%
2013	85,411,886	74,547,450	10,864,436	87.28%
2012	84,242,784	79,519,504	4,723,280	94.39%
2011	92,817,446	85,886,483	6,930,963	92.53%

Source : El Paso County Assessor Office
School District Records

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

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

Fiscal Year	Population	Estimated District Population*	Median Household Income	Personal Income	Personal Per-Capita	Unemployment Rate	FTE Student Enrollment	Per-Capita Direct Debt
2020	739,968	40,510	n/a	n/a	n/a	3.80%	6,517	\$ 1,253.49
2019	724,183	40,109	n/a	n/a	n/a	3.90%	6,435	1,392.64
2018	712,641	39,470	n/a	n/a	n/a	2.80%	6,425	1,538.79
2017	701,283	38,841	n/a	n/a	n/a	2.90%	6,273	1,685.82
2016	689,082	38,165	60,219	30,565,961,000	44,409	3.90%	6,130	1,834.17
2015	674,471	37,385	60,458	30,319,650,000	43,447	4.20%	5,805	1,923.92
2014	663,519	36,745	57,487	26,940,874,000	41,945	6.00%	5,847	2,186.32
2013	655,044	36,349	57,125	27,824,855,000	41,128	8.00%	5,740	2,360.12
2012	645,439	35,831	55,217	26,374,299,000	40,893	9.20%	5,639	2,534.49
2011	636,878	35,351	54,797	25,470,641,000	40,019	9.50%	5,591	2,755.19

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

Certain information was not available for years 2017 - 2020.

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

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

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

	2020	
	Rank	Percentage of County Employment
Fort Carson	1	12.14%
United States Air Force Academy	2	3.08%
Schriever Air Force Base	3	2.25%
Memorial Health Services	4	2.32%
Peterson Air Force Base	5	1.79%
Colorado Springs School District 11	6	1.39%
Academy School District 20	7	1.19%
Penrose-St. Francis Health Services	8	1.16%
El Paso County	9	1.06%
City of Colorado Springs	10	0.99%

	2011	
	Rank	Percentage of County Employment
Fort Carson	1	10.49%
Peterson Air Force Base	2	5.00%
Schriever Air Force Base	3	3.38%
United States Air Force Academy	4	2.79%
Memorial Health Services	5	2.01%
Colorado Springs School District 11	6	1.71%
Penrose-St. Francis Health Services	7	1.27%
Academy School District 20	8	1.16%
City of Colorado Springs	9	0.98%
El Paso County	10	0.86%

Sources: 2010 CAFR City of Colorado Springs, 2019 CAFR El Paso County, Colorado

Note: Schedule is presented for the year in which the most recent data is available

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

	2020	2019	2018	2017	2016	2015*	2014*	2013*	2012*	2011*
Governmental Activities:										
Instruction										
Teachers	340.50	324.00	325.00	317.00	307.55	309.33	304.84	282.31	260.68	272.56
Aides	99.00	110.00	104.50	82.00	83.96	83.58	90.01	84.25	81.80	90.35
Tutors	3.50	3.50	2.00	-	-	3.50	-	-	-	-
Athletic Trainers	2.00	2.00	2.00	2.00	-	-	2.00	2.00	2.00	2.00
Total Instructional	445.00	439.50	433.50	401.00	391.51	396.41	396.85	368.56	344.48	364.91
Supporting Services:										
Administrators	17.00	17.00	18.00	17.00	17.00	15.00	13.00	12.00	12.00	15.00
Athletic Directors	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00
Athletic Trainers	2.00	2.00	2.00	2.00	2.00	2.00	-	-	-	-
Nurses	5.00	5.00	4.00	4.00	3.60	3.20	3.80	2.80	2.80	4.65
Coordinators	2.00	2.00	0.50	0.50	0.50	1.04	2.00	1.79	0.79	-
Secretaries	24.00	29.00	30.00	29.00	18.00	20.50	29.57	29.00	29.97	29.91
Technicians			2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Teachers on Special Assignment	8.00	7.00	11.00	9.00	9.10	9.00	10.00	10.75	9.57	12.05
Counselors	15.00	15.00	17.00	14.00	14.00	14.50	11.50	12.00	9.33	12.00
Health Aides	8.00	8.00	9.00	9.00	9.00	9.00	11.00	10.00	9.00	9.00
Managers	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	2.00
Psychologists	4.00	5.00	5.00	6.00	4.90	5.20	4.30	3.80	4.00	5.00
Therapists	5.00	5.00	7.00	6.00	7.52	4.50	3.76	3.70	3.50	2.86
Speech Pathologists	6.00	6.00	6.00	6.00	6.45	6.44	6.45	6.45	6.71	7.45
Social Workers	3.00	3.00	1.00	1.00	0.50	0.50	0.50	0.40	-	-
Library Assistants	8.00	3.00	3.00	3.00	4.27	3.00	3.00	1.00	2.00	4.00
Librarians	3.00	4.00	8.00	8.00	6.00	5.00	4.00	4.00	4.00	5.60
Total Supporting Services	114.00	115.00	125.50	120.50	108.84	104.88	109.88	104.69	101.66	114.52
Business Support Services:										
Administrators	1.00	1.00	1.00	1.00	1.00	-	1.00	1.00	1.00	1.00
Coordinators	-	-	-	-	-	-	1.00	1.00	1.00	-
Secretaries			7.50	7.50	6.50	6.50	7.00	8.25	5.75	5.00
Technicians	2.00	2.00	3.00	3.00	3.00	3.00	3.50	4.50	4.50	4.50
Managers	13.00	13.00	13.00	13.00	15.00	16.00	16.00	13.00	8.00	16.00
Custodians	27.00	35.00	25.00	27.50	27.50	26.76	27.63	25.63	26.63	25.00
Skilled Craftsmen	14.00	17.00	20.00	20.00	17.00	17.00	14.00	15.00	17.00	16.00
Security Guards	10.00	5.00	5.00	3.00	9.00	8.00	6.53	7.00	4.00	4.00
Bus Drivers	45.00	33.00	30.00	30.00	42.00	40.00	37.35	35.17	35.61	36.79
Bus Aides	9.00	10.00	7.00	7.50	7.50	7.50	6.17	5.75	5.20	5.92
Total Business Support Services	115.00	115.00	111.50	112.50	128.50	124.76	120.18	116.30	108.69	114.21
Central Support Services:										
Administrators	4.00	5.00	4.00	4.00	4.00	1.00	1.00	1.00	1.00	-
Coordinators	1.00	1.00	1.00	1.00	1.00	-	-	-	-	-
Secretaries	5.00	5.00	4.00	2.00	0.50	0.50	0.50	0.50	0.50	0.50
Assistants			1.00	1.00	3.00	3.00	3.00	4.00	3.00	3.00
Technology Technicians	10.00	10.00	10.00	10.00	10.50	9.00	8.00	9.50	6.00	8.00
Registrar	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Managers	2.00	2.00	1.00	1.00	1.94	3.00	1.80	0.80	0.80	0.80
Total Central Support Services	23.00	24.00	22.00	20.00	21.94	17.50	15.30	16.80	12.30	13.30
Community Services:										
Managers	-	-	-	-	-	-	4.00	4.00	3.00	4.00
Coordinators	-	-	-	-	-	-	-	1.00	1.00	1.00
Aides	-	-	-	-	-	-	0.80	1.67	1.00	-
Group Leaders	-	-	-	-	-	-	2.29	2.50	2.20	1.17
Total Community Support Services	-	-	-	-	-	-	7.09	9.17	7.20	6.17
Business-Type Activities:										
Food Service**										
Secretaries	2.00	1.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Supervisors	10.00	10.00	12.00	12.00	9.00	9.00	9.00	9.00	9.00	9.00
Managers	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assistants	15.00	20.00	23.00	23.00	20.00	20.00	18.00	22.00	16.00	18.00
Total Food Service	28.00	32.00	39.00	39.00	33.00	33.00	31.00	35.00	29.00	31.00
Total	725.00	725.50	731.50	693.00	683.79	676.55	680.30	650.51	603.34	644.11

Source: School District Financial Records

* Includes grant funding FTE

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

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

Fiscal Year	District Membership (1)	Funded Pupil Count (2)	Cost Per Enrollee	% Membership Free Lunch (3)	% Membership Reduced Lunch (3)	Student Teacher Ratio
2020	6,511.0	6,517.2	\$ 9,150.35	7.37%	2.63%	19.83
2019	6,921.0	6,435.0	\$ 9,420.98	6.89%	2.83%	21.36
2018	6,914.0	6,424.5	9,411.46	6.87%	2.83%	21.27
2017	6,719.0	6,265.0	9,154.70	5.61%	2.44%	21.20
2016	6,343.0	5,912.0	9,403.87	8.17%	3.22%	20.62
2015	6,207.0	5,805.0	9,450.69	6.28%	2.48%	20.07
2014	6,275.0	5,846.5	9,070.44	6.94%	2.58%	19.81
2013	6,153.0	5,739.5	8,471.94	7.03%	2.93%	21.80
2012	6,076.0	5,639.0	8,813.11	7.95%	3.63%	22.30
2011	5,977.0	5,591.0	9,546.21	7.44%	2.59%	21.09

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

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

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

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities:										
Instruction	\$ 135,738,270	\$ 133,227,268	\$ 133,227,266	\$ 132,088,885	\$ 131,502,246	\$ 131,129,649	\$ 130,100,801	\$ 129,479,180	\$ 129,381,844	\$ 129,020,341
Supporting Services	2,867,944	2,867,944	2,867,944	2,867,944	2,867,944	2,825,054	2,522,161	2,825,054	2,825,054	3,005,034
Business Support Services	716,838	716,838	716,838	661,418	661,418	602,670	-	-	-	-
Central Support Services	11,393,560	11,804,259	11,804,259	11,762,287	11,650,746	11,157,637	11,046,089	10,946,454	10,773,605	10,704,148
Business-Type Activities:										
Food Service		-	-	-	-	-	527,137	468,009	451,586	430,902
Total	<u>\$ 150,716,612</u>	<u>\$ 148,616,309</u>	<u>\$ 148,616,307</u>	<u>\$ 147,380,534</u>	<u>\$ 146,682,354</u>	<u>\$ 145,715,010</u>	<u>\$ 144,196,188</u>	<u>\$ 143,718,697</u>	<u>\$ 143,432,089</u>	<u>\$ 143,160,425</u>

EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
SCHEDULE OF INSURANCE IN FORCE
YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Company	Policy Number	Policy Period		Coverage	Liability Limits	Deductibles	Annual Premium
		From	To				
Colorado School District Self Insurance Pool	2138-13-00139	7/1/2019	7/1/2020	Property Coverage	\$1,000,000,000 / occurrence	\$2,500	\$421,812
				Flood (except for property in Zone A)	\$100,000,000 / occurrence	Same as Property Coverage	Included
				Earth Movement	\$100,000,000 / occurrence	Same as Property Coverage	Included
				Ordinance or Law	\$25,000,000 / occurrence	Same as Property Coverage	Included
				Demolition Costs and Debris Removal	\$15,000,000 / occurrence	Same as Property Coverage	Included
	Same as Above			Equipment Breakdown Protection Coverage	\$250,000,000	\$1,000	\$16,164
				Property Damage	Included	Same as E/B	Included
				Business Income	Included	Same as E/B	Included
				Extra Expense	Included	Same as E/B	Included
				Spoilage Damage	Included	Same as E/B	Included
				Utility Interruption	Included	Same as E/B	Included
				Builders Risk	\$5,000,000	Same as E/B	Included
				Claim Data Expense	\$100,000	Same as E/B	Included
				Dependent Property	\$10,000,000	Same as E/B	Included
				Drying Out	Included	Same as E/B	Included
				Electronic Data/Media	\$5,000,000	Same as E/B	Included
				Error and Omissions	Included	Same as E/B	Included
				Expediting	Included	Same as E/B	Included
				Fungi/Wet Rot/Dry Rot	\$100,000	Same as E/B	Included
				Green Alternatives	\$1,000,000	Same as E/B	Included
				Hazardous Substance	\$10,000,000	Same as E/B	Included
				Newly Acquired Locations	Included	Same as E/B	Included
				Food Spoilage	\$1,000,000	Same as E/B	Included
				Off Premises Equipment	\$5,000,000	Same as E/B	Included
				Ordinance/Law	\$10,000,000	Same as E/B	Included
				Refrigerant Contamination	Included	Same as E/B	Included
				Unnamed Locations	Included	Same as E/B	Included
				Water Damage	Included	Same as E/B	Included
	Same as Above			School Entity Liability Coverage	\$3,000,000/ \$15,000,000 aggregate	\$10,000	\$64,758
				Medical - Any One Person	\$1,000	\$0	Included
				Medical - Any One Accident	\$10,000	\$0	Included
	Same as Above			Employee Benefits Liability Coverage	\$250,000/ \$500,000 aggregate	\$10,000 Liab Only	Included
	Same as Above			School Auto Liability	\$3,000,000 / accident	\$25,000 Liab Only	\$42,912
			Auto Medical Payment Coverage	\$5,000 / person	\$500 / auto; \$1,000 / occurrence	Included	
Same as Above			School Crisis Act Coverage	\$250,000/ \$250,000 aggregate	Included	Included	
Same as Above			Primary/Excess Crime Coverage	\$1,000,000	\$500	\$779	
CHUBB Illinois Union Insurance Company	PPL G23794305 015	4/1/2020	4/1/2021	Pollution Liability	\$1,000,000	\$ 25,000	\$ 11,002
CHUBB Illinois Union Insurance Company	UST G24699663 010	4/1/2020	4/1/2021	Storage Tank Liability	\$1,000,000/ \$2,000,000 aggregate	\$ 50,000	\$ 3,380
Pinnacol Assurance	4071361	7/1/2019	7/1/2020	Workers' Compensation			\$248,633
Kaiser HMO	0008	7/1/2019	6/30/2020	CEBT HMO			
UMR EPO4	0008	7/1/2019	6/30/2020	CEBT EPO5			

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Elementary										
Palmer Lake Early Education Center* (1972)										
Square Feet	2585	2585	2585	2585	2585	2585	2585	2585	2585	
Capacity	64	64	64	64	64	64	64	64	64	
PK-12 Enrollment	35	31	33	33	46	26	30	33	52	
Lewis Palmer (1972)										
Square Feet	51281	51281	51281	51281	51281	51281	51281	51281	51281	51281
Capacity	425	425	425	425	475	475	475	475	475	475
Enrollment	475	462	428	421	422	420	420	424	434	458
Grace Best (1955)										
Square Feet										
Capacity										
Enrollment										
Bear Creek (formerly Creekside)										
Square Feet	134664	134664	134664	134664	134664	134664	134664	134664	134664	134664
Capacity	900	900	900	900	925	925	925	925	925	925
Enrollment	878	922	920	896	852	864	870	774	715	666
Palmer Lake (1934)										
Square Feet	47314	47314	47314	47314	47314	47314	47314	47314	47314	47314
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	326	330	360	316	303	305	322	306	321	377
Prairie Winds (2001)										
Square Feet	53711	53711	53711	53711	53711	53711	53711	53711	53711	53711
Capacity	400	400	400	400	450	450	450	450	450	450
Enrollment	352	367	370	395	365	372	364	383	363	369
Ray Kilmer (1998)										
Square Feet	50087	50087	50087	50087	50087	50087	50087	50087	50087	50087
Capacity	375	375	375	375	425	425	425	425	425	425
Enrollment	381	393	384	336	344	349	372	393	385	386
Home School Academy**										
Square Feet	40000	40000	40000	40000	40000	40000	40000	40000	40000	
Capacity	200	200	200	200	200	200	200	200	200	
PK-5 Enrollment	85	111	67	74	81	64	60	51	0	
Middle										
Lewis Palmer (1994)										
Square Feet	117265	117265	117265	117265	117265	117265	117265	117265	117265	117265
Capacity	850	850	850	850	850	850	850	850	850	850
Enrollment	876	887	865	836	796	794	807	809	815	822
Creekside (2001)										
Square Feet										
Capacity										
Enrollment										
Home School Academy**										
Square Feet	40000	40000	40000	40000	40000	40000	40000	40000	40000	
Capacity	200	200	200	200	200	200	200	200	200	
6-7 Enrollment	28	19	17	22	19	20	10	0		
High School										
Lewis Palmer (1978)										
Square Feet	216916	216916	216916	216916	216916	216916	216916	216916	216916	216916
Capacity	1388	1388	1388	1388	1450	1450	1450	1450	1450	1450
Enrollment	1128	1143	1064	1046	1006	998	1030	959	943	910
Palmer Ridge (2007)										
Square Feet	220000	220000	220000	220000	220000	220000	220000	220000	220000	220000
Capacity	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Enrollment	1211	1224	1181	1185	1156	1107	1095	1105	1123	1131
Charter School / Non-District Facilities										
Monument Academy Charter K-8										
Square Feet	85000	85000	85000	85000	85000	85000	85000	85000	85000	85000
Capacity	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
PK-8 Enrollment	966	1000	1014	1021	953	888	895	916	925	858
PK-12 Students Enrolled in Non-District Facilities	10	25	16	14	13	15	15	11	14	11
Total Count	6751	6914	6719	6595	6356	6222	6290	6164	6090	5988
Percent Change in Total Count	-2.36%	2.90%	1.88%	3.76%	2.15%		2.04%	1.22%	1.70%	0.39%

Source: Colorado Department of Education website, CSDSIP (Colorado School District Self Insurance Pool), District Records

Note: Capacities were adjusted in 2017 primarily due to an increase in rooms reallocated to serve special populations such as exceptional needs students. These rooms are used by the students in addition to their assigned classrooms.

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

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

COMPLIANCE SECTION

SINGLE AUDIT



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of El Paso County School District #38 – Lewis-Palmer (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Broomfield, Colorado
December 8, 2020



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

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

Report on Compliance for Each Major Federal Program

We have audited El Paso County School District #38 – Lewis-Palmer's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of El Paso County School District #38 – Lewis-Palmer's major federal programs for the year ended June 30, 2020. El Paso County School District #38 – Lewis-Palmer's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to these matters.

El Paso County School District #38 – Lewis-Palmer’s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. El Paso County School District #38 – Lewis-Palmer’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be significant deficiencies.

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

El Paso County School District #38 – Lewis-Palmer’s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. El Paso County School District #38 – Lewis-Palmer’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



CliftonLarsonAllen LLP

Broomfield, Colorado
December 8, 2020

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Education			
Impact Aid	4041	84.041	\$ 6,064
Passed through the Colorado Department of Education			
Special Education Cluster			
Special Education	4027	84.027	1,026,590
Special Education Preschool	4173	84.173	15,153
Total Special Education Cluster			<u>1,041,743</u>
Title I	4010	84.010	270,902
Title IV Part A	4424	84.424	19,503
English Language Acquisition	4365/7365	84.365	11,053
Improving Teacher Quality	4367	84.367	66,652
Perkins/DECA Grant	4048	84.048	29,197
Total U.S. Department of Education			<u>1,445,114</u>
U.S. Department of Agriculture			
Passed through the Colorado Department of Education			
Coronavirus Relief Fund	4012	21.019	87,940
Total U.S. Department of Treasury			<u>87,940</u>
U.S. Department of Agriculture			
Child Nutrition Cluster			
Passed through the Colorado Department of Human Services			
Donated Commodities	4555	10.555	54,821
Passed through the Colorado Department of Education			
School Breakfast Program	4553	10.553	12,295
National School Lunch Program	4555	10.555	184,061
Special Milk Program for Children	4556	10.556	7,280
Total Child Nutrition Cluster			<u>258,457</u>
Total U.S. Department of Agriculture			<u>258,457</u>
Total Federal Financial Assistance			<u>\$ 1,791,511</u>

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

**EL PASO COUNTY SCHOOL DISTRICT #38 - LEWIS-PALMER
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

NOTE 1 BASIS OF ACCOUNTING

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

NOTE 2 NONCASH PROGRAMS

Commodities donated to the District by the U.S. Department of Agriculture (USDA) are valued based on the USDA's Donated Commodity Price List and by values provided by the USDA. The commodities are recognized as revenue and expenses when received and are reported as part of the National School Lunch Program (\$54,821).

NOTE 3 INDIRECT COST RATE

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

NOTE 4 SUBRECIPIENTS

The District did not have subrecipients of federal awards for the year ended June 30, 2020.

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

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

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

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

EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

Section II – Financial Statement Findings

2019 – 001 – Grants Fund Reconciliation

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

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section III – Findings and Questioned Costs – Major Federal Programs

2020 – 001 – Period of Performance

Federal agency: U.S. Department of Education

Federal program title: Special Education Grants to States

CFDA Number: 84.027

Pass-Through Agency: Colorado Department of Education

Pass-Through Number: 4027

Award Period: July 1, 2019 to June 30, 2020

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: Based on 2 CFR section 200.309, the District may only charge allowable costs to the Federal award during the period of performance.

Condition: The Colorado Department of Education provides the District with information on the amount of federal awards available to the District for the fiscal year. Due to an error in the District's tracking spreadsheet, the District requested reimbursement of \$18,350 greater than the amount available.

Questioned costs: The District requested and received reimbursement of \$18,350 greater than the allocated amount from the Colorado Department of Education. The District will refund this amount to the Colorado Department of Education in the subsequent fiscal year.

Context: This error was noted during audit procedures performed over the period of performance compliance requirement while comparing costs recorded to total allocated costs from the Colorado Department of Education. In addition, management of the District noted this error during the submission of final expenditures for this Federal award, which occurred during audit procedures performed.

Cause: The District's tracking spreadsheet for requesting reimbursement of eligible costs from the Colorado Department of Education contained an error, causing management of the District to believe that additional Federal awards were available. This error was not detected timely during review of requests for reimbursement relating to this Federal award.

Effect: The District requested and received reimbursement of \$18,350 greater than the allocated amount from the Colorado Department of Education. The District will refund this amount to the Colorado Department of Education in the subsequent fiscal year.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District improve and enhance management's review of internal tracking tools and requests for reimbursement relating to Federal awards to ensure that any errors in requests for reimbursement are detected timely.

Views of responsible officials: There is no disagreement with the audit finding.

**EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 20, 2020**

El Paso County School District #38 – Lewis-Palmer respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2020.

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

FINDINGS—FINANCIAL STATEMENT AUDIT

Condition: The accounts receivable and deferred revenues in the Grants Fund were not properly reconciled as of June 30, 2019.

Status: Corrected. Material audit adjustments were not required to reconcile the Grants Fund in fiscal year 2020.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

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



“One Team – Our Team”

LEWIS-PALMER SCHOOL DISTRICT 38

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Monument, CO 80132-0040

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Fax 719-488-5951
www.lewispalmer.org

EL PASO COUNTY SCHOOL DISTRICT #38 – LEWIS-PALMER CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2020

El Paso County School District #38 – Lewis-Palmer (District) respectfully submits the following corrective action plan for the year ended June 30, 2020.

The findings from the schedule of findings and questioned costs are discussed below.

FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2020-001 Period of Performance

Recommendation: It was recommended that the District improve and enhance the review processes over requests for reimbursement of Federal awards to ensure that errors are detected in a timely manner.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Additional review processes will be implemented for reimbursement requests in fiscal year 2021 to ensure that errors are detected and resolved in a timely manner.

Name of the contact person responsible for corrective action: Shanna Seelye, CFO
Planned completion date for corrective action plan: Immediately.

STATE COMPLIANCE SECTION



Colorado Department of Education

Auditors Integrity Report

District: 1080 - Lewis-Palmer 38

Fiscal Year 2019-20

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	11,793,186	49,739,162	48,163,900	13,368,448
18 Risk Mgmt Sub-Fund of General Fund	318,230	1,009,529	1,017,105	310,654
19 Colorado Preschool Program Fund	0	155,118	137,625	17,493
Sub- Total	12,111,416	50,903,809	49,318,630	13,696,596
11 Charter School Fund	2,122,094	8,367,430	7,671,991	2,817,533
20,26-29 Special Revenue Fund	1,542,147	1,178,744	1,123,135	1,597,756
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	872,427	1,377,445	1,633,994	615,879
22 Govt Designated-Purpose Grants Fund	0	2,637,611	2,637,611	0
23 Pupil Activity Special Revenue Fund	312,798	552,897	471,803	393,892
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	121,038	2,529,952	2,362,343	288,648
31 Bond Redemption Fund	6,422,103	6,672,094	6,628,496	6,465,701
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	1,080,500	30,700,640	22,264,264	9,516,876
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,087,218	895,927	564,744	1,418,401
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	25,671,742	105,816,550	94,677,010	36,811,282
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	404,221	514,124	341,105	577,240
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	1,259,835	1,543,042	1,587,547	1,215,330
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	1,664,056	2,057,166	1,928,652	1,792,570