

El Paso County School District No. 8

Financial Statements

June 30, 2020

# EL PASO COUNTY SCHOOL DISTRICT NO. 8

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
El Paso County School District No. 8

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Paso County School District No. 8, 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 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 auditor's 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, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 8, 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.

### ***Adoption of new accounting standard***

As described in Note 12 to the financial statements, effective July 1, 2019, El Paso County School District No. 8 adopted new accounting guidance, GASB Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 the El Paso County School District No. 8's basic financial statements. The Other Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Other Supplementary Information 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 combining and individual fund statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2020, on our consideration of the El Paso County School District No. 8's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering El Paso County School District No. 8's internal control over financial reporting and compliance.

*Hoelting & Company, Inc.*

Colorado Springs, Colorado  
November 10, 2020

## Management's Discussion and Analysis

As management of El Paso County School District No. 8, we offer readers of the District's Basic Financial Statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the information furnished in our financial statements.

### Financial Highlights

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year by \$8,703,283 (net position). This includes the net pension liability of \$131,776,928 and net OPEB liability of \$6,478,128 reported in compliance with GASB 68 which requires all PERA contributors to record their share of the net pension liability on the Statement of Net Position. More information on GASB 68 can be found in the notes to the financial statements.
- The District's total net position increased by \$34,657,589 during the fiscal year.
- At the close of the current fiscal year, the District's *governmental funds* reported combined ending fund balances of \$26,915,755, which represents a decrease of \$11,496,563 from the prior year.
- The *governmental funds* reported an unassigned fund balance of \$5,195,716 in the General Fund, and assigned fund balances of \$157,295 in the Insurance Reserve sub-fund of the General Fund, of \$14,134,564 in the Building Fund, \$3,049,013 in the Capital Projects Fund, \$969,837 in the Food Service Fund, and \$241,464 in the Pupil Activity Fund.
- At June 30, 2020, \$2,275,000 of the General Fund fund balance was restricted for the emergency contingency required by Article X, Section 20 of the Colorado Constitution (TABOR).
- During 2020, the District received \$30,905,730 in federal Impact Aid funding of which \$30,204,253 is recorded in the General Fund and \$701,477 is recorded in the Building Fund.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the El Paso County School District No. 8 basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) major fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

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

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

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 (*business-type activities*). The governmental activities of the District include: instruction, instructional support, administration, central support services, food service operations and community services.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All District funds are categorized as governmental funds. The District has no fiduciary funds.

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

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

## **Governmental Funds (continued)**

The District maintains six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, Designated Purpose Grants Fund, Building Fund and Capital Projects Fund which are all considered to be major funds and combined for the Food Service Fund and Pupil Activities Fund, which are all considered non-major governmental funds.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is on the full accrual basis. In prior years, the District used an agency fund to account for its Pupil Activities. Effective July 1, 2019 the Pupil Activities fund was reclassified as a governmental fund.

**Notes to the 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 government-wide and fund financial statements.

**Other Information.** The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule, Required Supplementary Information (RSI), has been provided for the General Fund to demonstrate compliance with this budget. Notes to the RSI are also included in this report. In addition, due to the implementation of GASB 68 and 75, an RSI schedule disclosing the District's proportionate share of net pension liabilities and contributions to PERA, and an RSI schedule disclosing the District's proportionate share of net OPEB liabilities have been provided.

Supplementary Information, including budget schedules for the remaining governmental funds and the fiduciary fund are presented immediately following the RSI.

## **Government-Wide Financial Analysis**

- As noted earlier, net position may serve over time as a useful indicator of the District's financial position, The District's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources resulting in a net deficit position of \$8,703,273 at the close of the most recent fiscal year.
- \$178,923,897 of net position represents the District's net investment in capital assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.
- A portion of the District's net position totaling \$2,981,708 represents resources that are subject to external restriction on how they may be used.

## Government-Wide Financial Analysis (Continued)

- A key component of the District’s net governmental position is the large net pension liability of \$131,776,928. Prior to the implementation of Statement 68 from the Governmental Accounting Standards Board (GASB), the District was not required as a contributor to PERA to record their share of the net pension liability. The implementation of GASB 68 is outlined in the notes to the basic financial statements.
- Due to the addition of the net pension liability, at the end of the current fiscal year the District’s unrestricted net deficit balance is negative \$190,608,878.
- During 2020, District-wide net position increased by \$34,657,589.
- The District’s ability to finance services in the future is reflected by the difference between current assets (those that will be converted into cash within one year) and current liabilities (amounts payable within one year). The District’s current asset ratio at June 30, 2020 is 2.43 (3.21 at June 30, 2019) meaning the District has liquid assets equal to 2.43 times its other liabilities.

## PRIMARY GOVERNMENT CONDENSED STATEMENT OF NET POSITION

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current assets	\$ 44,489,272	\$ 54,530,004
Capital assets	190,809,214	168,115,771
Total assets	<u>235,298,486</u>	<u>222,645,775</u>
<b>DEFERRED OUTFLOWS</b>	<u>16,579,120</u>	<u>48,611,478</u>
<b>LIABILITIES</b>		
Other liabilities	18,321,994	16,900,132
Long-term debt	151,788,905	178,619,023
Total liabilities	<u>170,110,899</u>	<u>195,519,155</u>
<b>DEFERRED INFLOWS</b>	<u>90,469,980</u>	<u>119,098,960</u>
<b>NET POSITION</b>		
Net investment in capital assets	178,923,897	155,473,895
Restricted	2,981,708	3,119,935
Unrestricted	(190,608,878)	(202,226,009)
Total net position	<u>\$ (8,703,273)</u>	<u>\$ (43,632,179)</u>

**Governmental Activities.** Governmental activities increased the District’s net position by \$34,657,589, thereby accounting for 100% of the total change in the net position of the District.

- The cost of all governmental activities was \$86,454,740.
- Users of the District’s governmental programs financed \$1,026,982.
- Federal and state governments subsidized certain programs with operating grants totaling \$12,767,575 and capital contributions of \$2,047,751.
- General revenues for governmental activities of \$105,270,021 include \$4,297,027 of property taxes, \$63,226,316 of state equalization, \$31,554,751 of federal impact aid funding and \$4,322,327 insurance proceeds, net.

**PRIMARY GOVERNMENT CONDENSED STATEMENT OF CHANGES IN NET POSITION**

	<b>Governmental Activities</b>	
	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
Program Revenues:		
Charges for services	\$ 1,026,982	\$ 1,313,513
Operating grants and contributions	12,767,575	11,650,259
Capital grants and contributions	2,047,751	911,136
General Revenues:		
Property and specific ownership taxes	4,757,436	4,184,441
State equalization	63,226,316	56,875,185
Impact aid	31,554,751	31,969,211
Net gain on insurance proceeds	4,322,327	14,493,593
Other revenue	1,001,261	849,657
Earnings on investments	407,930	432,651
Total Revenues	<u>121,112,329</u>	<u>122,679,646</u>
<b>EXPENSES</b>		
Instruction	47,583,361	45,107,682
Instructional supporting services	8,433,583	8,476,541
Administration	6,325,819	6,800,433
Support services	19,820,861	23,168,530
Community services	3,852,709	775,111
Interest and fiscal charges	438,407	465,534
Total Expenses	<u>86,454,740</u>	<u>84,793,831</u>
Increase (decrease) in net position	34,657,589	37,885,815
Beginning net position, as restated	<u>(43,360,862)</u>	<u>(81,517,994)</u>
Ending net position	<u>\$ (8,703,273)</u>	<u>\$ (43,632,179)</u>

## Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### 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 a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$26,915,755. Approximately 19.3% of this total amount constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *non-spendable, restricted, or assigned* to indicate that it is not available for new spending because it has already been committed for various purposes including 1) for purchased inventory, 2) insurance activities, 3) for constitutional amendment, 4) multi-year obligations, and 5) future capital projects.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,195,716, while total fund balance reached \$8,318,793. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 6.1% of total General Fund expenditures, while total fund balance represents 9.8% of that same amount.

The fund balance of the District's General Fund increased by \$1,569,066 during the current fiscal year compared to an increase of \$870,715 in the prior year.

General Fund revenue totaled \$106,824,422 during the current fiscal year compared to \$100,766,562 in the prior year. This reflects a \$6.3M increase in state equalization.

Fund balance for the Building Fund, a major governmental fund, increased by \$1,663,145 compared to a decrease of \$6,423,900 in the prior year due to completion of the new Fountain Middle School construction project. Fund balance for the Capital Projects Fund, another major governmental fund, decreased by \$14,796,536 compared to an increase of \$17,335,325 in the prior year. This reflects completion of major insurance claim projects in the current year.

## **Major Fund Budgetary Highlights**

The District approves the original budget in June based on enrollment projections for the following school year. In December, after funded pupil counts are certified, necessary revenue adjustments are included in the mid-year budget revision.

Colorado Statutes permit transferring budgeted amounts from one object or purpose to another within the same fund. Board policy allows management to transfer budgets between objects or purposes without obtaining authorization from the Board of Education.

Differences between the original general fund expenditures budget and the final amended budget totaled \$2,686,659 or 2.9% of the total original budget. The final General Fund budget for revenues increased by \$7,861,378 or 7.4% of the original budget and was the primarily from an increase in federal impact aid and state grants.

## **Capital Assets and Debt Administration**

**Capital Assets.** The District's investment in capital assets as of June 30, 2020 amounts to \$178,923,897 (net of accumulated depreciation and related debt). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery, equipment, and vehicles. The net increase in the District's capital assets for the current fiscal year was \$22,693,443, which represents an increase of 14.6% over the June 30, 2019 balance.

During the year, the District completed construction of a replacement for Fountain Middle School which was originally built in the 1950's and began a major remodel and addition to Mesa Elementary School.

**Debt Administration.** The balance outstanding on the District's Certificates of Participation, issued to shorten the new Fountain Middle School construction timeline, was \$11,590,000 at June 30, 2020.

For more detailed information on capital assets and debt administration, see Note 4 and Note 5 to the basic financial statements.

## **Economic Factors and Next Year's Budgets**

Enrollment in the school District increased slightly during 2019-20 primarily due to troop movement at Fort Carson.

Although there were no new housing units built on Fort Carson during the year, there continues to be residential growth in the City of Fountain.

The majority of the District's funding is based on pupil count. Instability caused by the demolition and replacement of housing units on Post and deployment of thousands of soldiers makes estimating pupils much more difficult. Enrollment for the 2020-21 school year dipped dramatically due to the COVID-19 pandemic and the freeze on military change of duty station transfers. For these reasons plus an uncertain economic recovery from the pandemic, the District will have fluctuations in student growth through the coming years and anticipates enrollment to be flat over the next few years.

The District is reviewing several options to accommodate changing instructional needs and possible student growth through fiscal year 2024-25 including expansion of Mesa Elementary School, construction of a new 5-A gymnasium and career-tech center at Fountain-Fort Carson High School, and replacement of Abrams Elementary School on Fort Carson.

## **Requests for Information**

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

Office of the Assistant Superintendent of Business  
El Paso County School District No. 8  
10665 Jimmy Camp Road  
Fountain, CO 80817

# **Basic Financial Statements**

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 43,161,071
Accounts receivable	209,553
Taxes receivable	404,282
Intergovernmental receivables	528,208
Inventories and prepaid expenses	186,158
Capital assets, not being depreciated	11,675,766
Capital assets, depreciated, net	179,133,448
<b>Total assets</b>	<b>235,298,486</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions, net of accumulated amortization	16,183,127
OPEB, net of accumulated amortization	395,993
<b>Total assets and deferred outflows of resources</b>	<b>251,877,606</b>
 <b>LIABILITIES</b>	
Accounts payable and other current liabilities	3,968,055
Accrued salaries and benefits	9,295,756
Unearned revenues	4,006,143
Accrued interest payable	62,692
Non-current liabilities due within one year	989,348
Non-current liabilities due in more than one year:	
Compensated absences - net of current portion	2,432,880
Vehicle lease - net of current portion	225,969
COP - net of current portion	10,875,000
Net pension liability	131,776,928
Net OPEB liability	6,478,128
<b>Total liabilities</b>	<b>170,110,899</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions, net of accumulated amortization	89,273,288
OPEB, net of accumulated amortization	1,196,692
<b>Total liabilities and deferred inflows of resources</b>	<b>260,580,879</b>
 <b>NET POSITION</b>	
Net investment in capital assets	178,923,897
Restricted for	
Mill levy override	
Instructional materials and salaries	221,116
Constitutional amendment (TABOR)	2,275,000
BEST Grant capital renewal reserve	128,000
Multi-year obligations	357,592
Unrestricted	(190,608,878)
<b>Total net position</b>	<b>\$ (8,703,273)</b>

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

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Governmental Activities</u>
<b>Governmental activities:</b>					
Instruction	\$ 47,583,361	\$ 90,094	\$ 8,447,188	\$ -	\$ (39,046,079)
Instructional support	8,433,583	-	1,129,207	-	(7,304,376)
Administration	6,325,819	-	38,223	-	(6,287,596)
Central support services	19,820,861	886,730	3,135,309	2,047,751	(13,751,071)
Community services	3,852,709	50,158	17,648	-	(3,784,903)
Interest and fiscal charges	438,407	-	-	-	(438,407)
<b>Total primary government</b>	<b>\$ 86,454,740</b>	<b>\$ 1,026,982</b>	<b>\$ 12,767,575</b>	<b>\$ 2,047,751</b>	<b>(70,612,432)</b>
<b>General revenues:</b>					
Property taxes					4,297,027
Specific ownership taxes					460,409
State equalization					63,226,316
Federal impact aid					31,554,751
Gain on involuntary conversion					4,322,327
Investment earnings					407,930
Miscellaneous revenues					1,001,261
Total general revenues					<u>105,270,021</u>
Change in net position					34,657,589
Net position, beginning of year, as restated					<u>(43,360,862)</u>
Net position, end of year					<u>\$ (8,703,273)</u>

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

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2020**

	<b>General Fund</b>	<b>Designated Purpose Grants Fund</b>	<b>Building Fund</b>	<b>Capital Projects Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and investments	\$ 17,996,754	\$ 3,439,563	\$ 16,776,704	\$ 3,753,298	\$ 1,194,752	\$ 43,161,071
Restricted cash and investments	-	-	-	-	-	-
Accounts receivable	78,627	10,935	48,142	-	71,849	209,553
Taxes receivable	404,282	-	-	-	-	404,282
Internal balances	110,302	-	-	-	-	110,302
Intergovernmental receivables	72,481	330,954	-	-	124,773	528,208
Inventories	112,074	-	-	-	74,084	186,158
Total assets	<u>\$ 18,774,520</u>	<u>\$ 3,781,452</u>	<u>\$ 16,824,846</u>	<u>\$ 3,753,298</u>	<u>\$ 1,465,458</u>	<u>\$ 44,599,574</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 486,920	\$ 34,495	\$ 2,435,837	\$ 418,208	\$ 180,073	\$ 3,555,533
Accrued salaries and benefits	8,761,878	533,878	-	-	-	9,295,756
Accrued liabilities	205,000	-	254,445	158,077	-	617,522
Internal balances	-	110,302	-	-	-	110,302
Unearned revenues	903,366	3,102,777	-	-	-	4,006,143
Total liabilities	<u>10,357,164</u>	<u>3,781,452</u>	<u>2,690,282</u>	<u>576,285</u>	<u>180,073</u>	<u>17,585,256</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property Taxes	98,563	-	-	-	-	98,563
<b>FUND BALANCES</b>						
Nonspendable						
Inventories	112,074	-	-	-	74,084	186,158
Restricted						
Mill levy override						
Instructional materials and salaries	221,116	-	-	-	-	221,116
Constitutional amendment (TABOR)	2,275,000	-	-	-	-	2,275,000
Multi-year obligations	357,592	-	-	-	-	357,592
BEST Grant capital renewal reserve	-	-	-	128,000	-	128,000
Assigned						
Insurance activities	157,295	-	-	-	-	157,295
Food service	-	-	-	-	969,837	969,837
Pupil activities	-	-	-	-	241,464	241,464
Capital projects	-	-	14,134,564	3,049,013	-	17,183,577
Unassigned	5,195,716	-	-	-	-	5,195,716
Total fund balances	<u>8,318,793</u>	<u>-</u>	<u>14,134,564</u>	<u>3,177,013</u>	<u>1,285,385</u>	<u>26,915,755</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,774,520</u>	<u>\$ 3,781,452</u>	<u>\$ 16,824,846</u>	<u>\$ 3,753,298</u>	<u>\$ 1,465,458</u>	<u>\$ 44,599,574</u>

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

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2020**

**Total fund balances--governmental funds** \$ 26,915,755

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 as assets in governmental funds. Capital assets at year-end consist of:

	Land	\$ 3,560,545	
	Construction in Progress	8,115,221	
	Depreciable Assets	234,437,462	
	Less: Accumulated Depreciation	<u>(55,304,014)</u>	
			190,809,214

Property tax revenue not available to pay for current period expenditures is deferred in the governmental funds but recorded as general revenues in the statement of activities. 98,563

Long-term liabilities and related items are not due and payable in the current period, and therefore are not reported as liabilities in governmental funds. Long-term liabilities at year end consist of:

	COP's payable	\$ (11,590,000)	
	Accrued interest payable	(62,692)	
	Vehicle lease payable	(295,317)	
	Compensated absences	(2,432,880)	
	Net pension liability	(131,776,928)	
	Pension-related deferred outflows of resources	16,183,127	
	Pension-related deferred inflows of resources	(89,273,288)	
	Net OPEB liability	(6,478,128)	
	OPEB-related deferred outflows of resources	395,993	
	OPEB-related deferred inflows of resources	<u>(1,196,692)</u>	
			<u>(226,526,805)</u>

**Total net position--governmental activities** \$ (8,703,273)

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

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

	<b>General Fund</b>	<b>Designated Purpose Grants Fund</b>	<b>Building Fund</b>	<b>Capital Projects Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>						
Local sources	\$ 5,429,636	\$ -	\$ 309,977	\$ 148,335	\$ 1,451,659	\$ 7,339,607
State sources	69,437,666	-	306,592	1,039,682	87,248	70,871,188
Federal sources	31,957,120	5,438,969	701,477	-	2,220,047	40,317,613
Total revenues	<u>106,824,422</u>	<u>5,438,969</u>	<u>1,318,046</u>	<u>1,188,017</u>	<u>3,758,954</u>	<u>118,528,408</u>
<b>EXPENDITURES</b>						
Current						
Instruction	49,236,234	4,375,318	-	1,553,566	692,873	55,857,991
Instructional support	9,374,910	776,299	-	-	-	10,151,209
Administration	7,676,533	90,934	-	-	-	7,767,467
Central Support Services	17,778,958	177,814	80,933	2,955,639	-	20,993,344
Community services	880,686	18,604	-	-	2,998,319	3,897,609
Capital Outlay	-	-	15,555,195	18,923,989	-	34,479,184
Debt service						
Principal retirement	-	-	690,000	66,559	-	756,559
Interest and fees	-	-	428,773	15,162	-	443,935
Total expenditures	<u>84,947,321</u>	<u>5,438,969</u>	<u>16,754,901</u>	<u>23,514,915</u>	<u>3,691,192</u>	<u>134,347,298</u>
Excess (Deficiency) of revenues over expenditures	<u>21,877,101</u>	<u>-</u>	<u>(15,436,855)</u>	<u>(22,326,898)</u>	<u>67,762</u>	<u>(15,818,890)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from insurance claims	-	-	-	4,322,327	-	4,322,327
Transfers in	-	-	17,100,000	3,208,035	-	20,308,035
Transfers (out)	(20,308,035)	-	-	-	-	(20,308,035)
Total other financing sources (uses)	<u>(20,308,035)</u>	<u>-</u>	<u>17,100,000</u>	<u>7,530,362</u>	<u>-</u>	<u>4,322,327</u>
Net change in fund balances	1,569,066	-	1,663,145	(14,796,536)	67,762	(11,496,563)
Fund balances, beginning of year, as restated	<u>6,749,727</u>	<u>-</u>	<u>12,471,419</u>	<u>17,973,549</u>	<u>1,217,623</u>	<u>38,412,318</u>
Fund balances, end of year	<u>\$ 8,318,793</u>	<u>\$ -</u>	<u>\$ 14,134,564</u>	<u>\$ 3,177,013</u>	<u>\$ 1,285,385</u>	<u>\$ 26,915,755</u>

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

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

**Net change in fund balances -- governmental funds** \$ (11,496,563)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets eligible for capitalization is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Capital outlays	\$ 27,942,763	
Retirements, net	-	
Depreciation expense	<u>(5,249,320)</u>	22,693,443

Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in property taxes not available as current resources. 56,230

Equipment lease proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net assets. The net effect in the treatment of long-term debt and related items is as follows:

Vehicle Lease	66,559
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Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

COP principal payment	690,000
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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 the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Change in accrued interest payable	\$ 5,528	
Change in compensated absences	(390,940)	
Change in net pension liability	25,080,750	
Pension-related deferred outflows of resources	(31,994,587)	
Pension-related deferred inflows of resources	29,813,747	
Change in net OPEB liability	1,355,960	
OPEB-related deferred outflows of resources	(37,771)	
OPEB-related deferred inflows of resources	<u>(1,184,767)</u>	22,647,920

**Change in net position of governmental activities** \$ 34,657,589

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

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 1**     **DESCRIPTION OF THE SCHOOL DISTRICT**

El Paso County School District No. 8 (the School District or District) was established in 1890 and is organized under the Constitution of the State of Colorado. The legislative power of the school district is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms. This Board controls the District's 14 instructional/support facilities staffed by 458 non-certificated employees and 632 certificated employees to provide services to approximately 8,529 students and other community members.

The mission of the District is to develop generations of world-class learners capable of being successful members of society by providing a positive, empowering, and safe environment where academic excellence is the desired result for all students.

The District spans 150 square miles including the City of Fountain, Fort Carson Military Installation, Rock Creek, and the rural areas surrounding these locations. The City of Fountain is located approximately seven miles south of Colorado Springs off highway 85 and I-25. The District includes one preschool in the City of Fountain and eight elementary schools, four schools in the City of Fountain (Aragon Elementary, Eagleside Elementary, Jordahl Elementary, and Mesa Elementary) and four on the Fort Carson installation (Abrams Elementary, Patriot Elementary, Mountainside Elementary, and Weikel Elementary). The District's two middle schools, Fountain Middle School and Carson Middle School, are located in the City of Fountain and on Fort Carson, respectively. The District's comprehensive high school, Fountain-Fort Carson High School, and the Welte Education Center are located in the City of Fountain.

**NOTE 2**     **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A - Reporting Entity**

For financial reporting purposes, the District includes all organizations for which it is financially accountable. Financial accountability exists if the District appoints a voting majority of the organization's governing board or if the organization is fiscally dependent on the District and the District is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the District. Criteria for determining whether the District has the ability to impose its will on organizations are the District's ability to: remove members of the organization's governing boards; modify or approve the budget; modify or approve rate or fee changes affecting revenues; veto, overrule, or modify the decisions of the organization's governing board; or hire, reassign, or dismiss those persons responsible for the day-to-day operations of the organization. In determining whether an organization has a financial benefit or burden relationship with the District, the following conditions are used: legal entitlement to or access to the organization's resources; legal obligation or assumption of the obligation to finance the deficits or provide financial support to the organization; or obligation in some manner for the organization's debt. The District is not financially accountable for any other entity and is considered the primary government.

**B - 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 of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for 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.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 2     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C - Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 uses 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenues, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major funds:

The **General Fund** is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund. The **Designated Purpose Grants Fund (DPGF)**, **Building Fund** and **Capital Projects Fund** are also major funds. The DPGF is used to account for major federal grants. The Building Fund and Capital Projects fund are used for major construction projects and capital improvements financed primarily by debt proceeds and transfers from the General Fund.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 2    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**D - Assets, Liabilities, and Net Position or Fund Balance**

**1 - Deposits and Investments**

Colorado State Statutes authorize the District to invest in:

- a. Obligations of the United States and certain U.S. government agency's securities;
- b. Certain international agency securities;
- c. General obligation and revenue bonds of U.S. local government entities;
- d. Banker's acceptances of certain banks;
- e. Commercial paper;
- f. Local government investments pools;
- g. Written repurchase agreements collateralized by certain authorized securities;
- h. Certain money market funds;
- i. Guaranteed investment contracts.

The District may also deposit funds in Colorado financial institutions (including certificates of deposit) that are members of the Federal Deposit Insurance Corporation (FDIC) and eligible public depositories under the Public Deposit Protection Act (PDPA).

The District has Board-approved investment policies that limit investments to certain eligible depositories, which include State and national banks with headquarters in Colorado and insured by the FDIC; State and federally chartered savings and loan associations headquartered in Colorado and insured by FDIC; and the COLOTRUST.

Additionally, investments are limited to eligible investments consisting of obligations of the U.S. Government, repurchase agreements, and government investment pools.

**2 - Receivables**

Receivables consist of taxes, accounts (interest and fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Property taxes for the current year are certified in arrears in December, and attach as a lien on property the previous January 1. For example, property taxes owed in fiscal 2020 are certified to the County in December 2019 and are available for collection on the levy date, January 1, 2020. Property taxes are payable in full by April 30, or in two equal installments due February 28 and June 15. The County bills and collects property taxes for all taxing districts in the County. The property tax receipts collected by the County are remitted to the District in the subsequent month.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 2    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***3 – Prepaid Expenses***

Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

***4 - Inventories***

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased. Inventories of supplies and materials in the governmental funds are offset by a nonspendable fund balance to indicate that they do not constitute available spendable resources.

Donated commodities, received at no cost under a program supported by the federal government, are stated at USDA's assigned values, which approximate fair value at the date of receipt.

***5 - Capital Assets***

Capital assets, which include land, construction in progress, buildings and improvements, equipment and vehicles are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of exhaustible capital assets is charged as an expense against operations in the government-wide financial statements. Land and construction in progress are not depreciable assets.

Depreciable assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	50
Equipment & Vehicles	5 - 10

***6 - Accrued Salaries and Benefits***

Salaries and benefits of certain 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 accompanying financial statements.

***7 – Unearned Revenues***

Unearned revenues include grants received before eligibility requirements established by the provider have been met.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 2    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***8 - Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts, and refunding losses 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. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

***9 - Compensated Absences***

Under the District's policies certain employees earn vacation pay for 15-20 days annually, based on longevity of service or position, and may carry over unused vacation up to 30 days at which time it is reclassified as leave. All unused/accrued vacation leave is payable upon resignation, termination, retirement or death.

Employees accrue 10-13 days of annual leave each year dependent upon their contract basis. Employees may carry-over unused annual leave days at which time it is reclassified to sick leave. Employees are allowed to accumulate an unlimited number of sick leave days. After a minimum of two years employment with the District, unused annual and sick leave days are payable upon resignation, termination, retirement or death. For employees with a minimum of two years employment with the District, unused leave is paid at the rate of \$50 per day. For employees with at least ten years employment with the District, unused leave is paid at the rate of \$100 per day for all staff. Sick leave payouts are paid at least 90 days after an employee's last regular pay is processed.

These compensated absences are recognized as expenditures when paid in the governmental funds. The District has reported the long-term liability for leave and vacation pay in the government-wide financial statements as compensated absences payable.

***10 - Pensions***

El Paso County School District No. 8 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 2    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***11 – Health Care Trust Fund***

El Paso County School District No. 8 participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

***12 - Deferred Inflows of Resources***

Property taxes earned but not available as current financial resources are reported as deferred inflows of resources in the governmental fund financial statements.

***13 - Net Position/Fund Balance***

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

In the fund financial statements, governmental funds report committed fund balance when the Board of Education formally commits resources for a specific purpose through the passage of a resolution. Assigned fund balance is reported when the Board of Education intends to use resources for a specific purpose but without formal action.

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

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 3    DEPOSITS AND INVESTMENTS**

At June 30, 2020, the District had the following cash and investments:

Cash on hand	\$ 1,600
Deposits	19,639,153
Investments	<u>23,520,318</u>
Total	<u><u>\$43,161,071</u></u>

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

Cash and Investments - Primary Government	<u><u>\$ 43,161,071</u></u>
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**Deposits**

The Colorado Public Deposit and Protection Act (PDPA) requires 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 financial institutions 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 market value of collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2020, the District had uninsured, collateralized deposits of \$20,465,089 held by the financial institution's agent, but not in the District's name.

**Investments**

*Interest rate risk* – State statutes generally limit investments to an original maturity of five years from the date of purchase, unless the governing board authorizes the investment for a period in excess of five years.

*Credit risk* - State statutes allow certain investments to those with specified ratings provided by nationally recognized statistical rating organizations, depending on the investment type.

*Concentration of Credit Risk* - State statutes do not limit the amount the District may invest in a single issuer of investment securities, except for corporate securities.

*Custodial Risk* - State statutes do not address custodial risk, except for collateral for repurchase agreements.

*Local Government Investment Pool* - As of June 30, 2020, the District had \$23,520,318 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST). The Trust 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 the Trust. The Trust operates in conformity with the Securities and Exchange Commission's Rule 2a-7. The Trust is measured at the net asset value per share, with each share valued at \$1. The Trust is rated AAAM by Standard and Poor's. Investments of the Trust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 4    CAPITAL ASSETS**

Activity for capital assets during the year ended June 30, 2020, was as follows.

**Governmental activities:**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,560,545	\$ -	\$ -	\$ 3,560,545
Construction in progress	22,296,763	26,945,494	41,127,037	8,115,220
Total capital assets, not being depreciated	<u>25,857,308</u>	<u>26,945,494</u>	<u>41,127,037</u>	<u>11,675,765</u>
Capital assets, being depreciated:				
Buildings	179,001,735	41,127,037	-	220,128,772
Equipment	5,676,540	532,779	-	6,209,319
Buses/Other vehicles	7,716,355	464,489	81,473	8,099,371
Total capital assets being depreciated	<u>192,394,630</u>	<u>42,124,305</u>	<u>81,473</u>	<u>234,437,462</u>
Less accumulated depreciation for:				
Buildings	41,041,781	4,402,575	-	45,444,356
Equipment	4,075,950	360,879	-	4,436,829
Buses/Other vehicles	5,018,436	485,866	81,473	5,422,829
Total accumulated depreciation	<u>50,136,167</u>	<u>5,249,320</u>	<u>81,473</u>	<u>55,304,014</u>
Total capital assets, being depreciated, net	<u>142,258,463</u>	<u>36,874,985</u>	<u>-</u>	<u>179,133,448</u>
Governmental activities capital assets, net	<u>\$ 168,115,771</u>	<u>\$ 63,820,479</u>	<u>\$ 41,127,037</u>	<u>\$ 190,809,213</u>

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

**Governmental activities:**

Instruction	\$ 3,097,099
Instructional Support	524,932
Administration	440,993
Central Support Services	1,186,346
Total Depreciation Expense - Governmental Activities	<u>\$ 5,249,370</u>

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 5    LONG-TERM LIABILITIES**

**Changes in Long-Term Liabilities**

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

<b>Governmental Activities</b>	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2018 Certificates					
of Participation	\$ 12,280,000	\$ -	\$ 690,000	\$ 11,590,000	\$ 715,000
Vehicle Lease	361,876	-	66,559	295,317	69,348
Compensated Absences	2,166,940	707,138	236,198	2,637,880	205,000
Total	<u>\$ 14,808,816</u>	<u>\$ 707,138</u>	<u>\$ 992,757</u>	<u>\$ 14,523,197</u>	<u>\$ 989,348</u>

**Certificates of Participation**

In April 2018, \$13,110,000 in Series 2018 certificates of participation were issued to partially finance the construction of a replacement middle school in Fountain. Principal payments are due annually on November 15 through 2032 and interest payments are paid semi-annually on May 15 and November 15. Interest accrues on the Series 2018 certificates at 3.580% per annum.

Future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 715,000	\$ 402,124	\$ 1,117,124
2022	740,000	376,079	1,116,079
2023	770,000	349,050	1,119,050
2024	795,000	321,037	1,116,037
2025	825,000	292,039	1,117,039
2026 - 2030	4,585,000	987,276	5,572,276
2031 - 2033	3,160,000	172,378	3,332,378
Total	<u>\$ 11,590,000</u>	<u>\$ 2,899,983</u>	<u>\$ 14,489,983</u>

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5**    **LONG-TERM LIABILITIES (Continued)**

**Vehicle Lease**

In August 2019, the District entered into a five-year financing agreement with KS State Bank to purchase four school buses. Principal and interest payments are due annually on August 22 through 2023. Interest accrues on the lease at 4.19% per annum.

Future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 69,348	\$ 12,374	\$ 81,722
2022	72,253	9,468	81,721
2023	75,281	6,441	81,722
2024	78,435	3,286	81,721
Total	<u>\$ 295,317</u>	<u>\$ 31,569</u>	<u>\$ 326,886</u>

**Compensated Absences**

Accrued compensated absences of the governmental activities are expected to be liquidated primarily with revenues of the General Fund.

**Equipment Leases**

In July 2018, the District entered into two financing agreements with Insight Investments, LLC to lease technology equipment. No assets were capitalized under the leases since these devices are owned by the leasing company and will be returned at the end of each lease term. Principal and interest payments are due quarterly from September 2018 through June 2022. The interest rates were 5.15% and -6.85% per annum.

**NOTE 6**    **INTERFUND TRANSFERS**

During the year ended June 30, 2020, the General Fund transferred \$17,100,000 to the Building Fund and \$3,208,035 to the Capital Projects Fund for construction and improvement projects.

**NOTE 7**    **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters on a claim made basis. The District provides for these risks through the purchase of commercial insurance. Settled claims resulting from these risks have not exceeded the purchased commercial insurance coverage in any of the past three fiscal years.

During the summer of 2018, the District's facilities and fleet sustained substantial damage from three separate weather related events. As a result, the District replaced all roofs and made major repairs to other building components. All repairs and replacements were substantially complete by June 30, 2020. In addition, the District has replaced several vehicles. The total cost of repairs and replacements of approximately \$30M was covered by the District's property and automobile insurance policies, after payment of the applicable deductibles.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8    COMMITMENTS AND CONTINGENT LIABILITIES**

**Claims and Judgments**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the District. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**Litigation**

The District has pending or threatened litigation. The outcome of this litigation cannot be determined, but management believes that any result will not have a significant effect on the District's financial position.

**Construction Commitments**

The District has active construction projects as of June 30, 2020. Two school replacement and remodel projects are partially financed by COP proceeds and are recorded in the Building Fund. In the Capital Projects Fund, insurance recoveries are fully funding the replacement of all roofs and related infrastructure throughout the District that were damaged by recent hail storms. At year end, the District's commitments with contractors are as follows:

<u>Construction Project:</u>	<u>Spent to Date</u>	<u>Committed for Next Fiscal Year</u>
Mesa Elementary School	\$ 6,895,185	\$ 6,891,066
FFCHS Arena Complex - Phase 1	319,810	11,368,126
Total Commitments	\$ 7,214,995	\$ 18,259,192

**Capital Renewal Reserve**

In 2010, the District was awarded a Building Excellent Schools Today (BEST) grant from the State of Colorado in the amount of \$3,261,355 to assist with construction of a new elementary school. In accordance with the related State statutes, the District is required to establish a capital renewal reserve for the purpose of replacing major facility systems such as roofs, interior finishes, electrical systems and heating, ventilating, and air conditioning systems. During the year, the District contributed \$14,000 to the capital renewal reserve. At June 30, 2020, the reserve was reported as restricted fund balance in the Capital Projects Fund, in the amount of \$128,000.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 9     DEFINED BENEFIT PENSION PLAN**

**General Information about the Pension Plan**

Plan description. Eligible employees of the El Paso County School District No. 8 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](http://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.

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

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

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

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

As of December 31, 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 percent 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 lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent 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 percent 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.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9**    **DEFINED BENEFIT PENSION PLAN (Continued)**

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

Contributions provisions as of June 30, 2020: Eligible employees of, El Paso County School District No. 8 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 percent 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:

	<b>July 1, 2019 Through June 30, 2020</b>
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%
<b>Total employer contribution rate to the SCHDTF</b>	<b>19.38%</b>

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-200.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the El Paso County School District No. 8 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from El Paso County School District No. 8 were \$10,444,347 for the year ended June 30, 2020.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9    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 El Paso County School District No. 8 proportion of the net pension liability was based on El Paso County School District No. 8 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 El Paso County School District No. 8 reported a liability of \$131,776,928 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 El Paso County School District No. 8 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 El Paso County School District No. 8 were as follows:

El Paso County School District No. 8 proportionate share of the net pension liability	\$ 131,776,928
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with El Paso County School District No. 8	16,714,227
<b>Total</b>	<b>\$ 148,491,155</b>

At December 31, 2019, the El Paso County School District No. 8 proportion was 0.8820538315 percent, which was a decrease of 0.0037947000% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the El Paso County School District No. 8 recognized pension expense of (\$22,899,910) and revenue (\$528,694) for support from the State as a nonemployer contributing entity. At June 30, 2020, the El Paso County School District No. 8 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 7,181,929	\$ -
Changes of assumptions or other inputs	3,762,030	59,772,766
Net difference between projected and actual earnings on pension plan investments	-	15,610,289
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	13,890,233
Contributions subsequent to the measurement date	5,239,168	N/A
<b>Total</b>	<b>\$ 16,183,127</b>	<b>\$ 89,273,288</b>

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9**     **DEFINED BENEFIT PENSION PLAN (Continued)**

\$5,239,168 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ (43,277,220)
2022	(29,903,174)
2023	161,224
2024	(5,310,159)
2025	-
Thereafter	-

*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 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic) <sup>1</sup>	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) <sup>1</sup>	Financed by the Annual Increase Reserve

<sup>1</sup> For 2019, the annual increase was 0.00 percent.

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.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9**     **DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

The actuarial assumptions used in the December 31, 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:

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

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 NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9     DEFINED BENEFIT PENSION PLAN (Continued)**

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- 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 percent 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 percent, at which point, the AED and SAED will each drop 0.50 percent 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 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 9     DEFINED BENEFIT PENSION PLAN (Continued)**

*Sensitivity of the El Paso County School District No. 8 proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Proportionate share of the net pension liability	\$ 174,764,422	\$ 131,776,928	\$ 95,685,182

*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](http://www.copera.org/investments/pera-financial-reports).

**NOTE 10     DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

**Health Care Trust Fund**

*Plan description.* Eligible employees of the El Paso County School District No. 8 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](http://www.copera.org/investments/pera-financial-reports).

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

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

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**Health Care Trust Fund (Continued)**

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

**PERA Benefit Structure**

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the El Paso County School District No. 8 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from El Paso County School District No. 8 were \$549,711 for the year ended June 30, 2020.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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

At June 30, 2020, the El Paso County School District No. 8 reported a liability of \$6,478,128 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 El Paso County School District No. 8 proportion of the net OPEB liability was based on El Paso County School District No. 8 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 El Paso County School District No. 8 proportion was 0.5763469308 percent, which was an increase of 0.0005405534% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the El Paso County School District No. 8 recognized OPEB expense of \$(133,422). At June 30, 2020, the El Paso County School District No. 8 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 21,498	\$ 1,088,564
Changes of assumptions or other inputs	53,744	-
Net difference between projected and actual earnings on OPEB plan investments	-	108,128
Changes in proportion and differences between contributions recognized and proportionate share of contributions	45,001	-
Contributions subsequent to the measurement date	275,750	N/A
Total	\$ 395,993	\$ 1,196,692

\$275,750 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 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:

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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

<b>Year ended June 30, 2020:</b>	
2021	\$ (218,602)
2022	(218,590)
2023	(187,284)
2024	(229,635)
2025	(209,724)
Thereafter	(12,614)

*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 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates:	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related OPEB (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:

<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>	<b>Premiums for Members Without Medicare Part A</b>
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:

<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>
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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 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 NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related OPEB (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:

Year	PERACare Medicare Plans	Medicare Part A Premiums
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 School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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

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.

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:

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

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 NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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

*Sensitivity of the El Paso County School District No. 8 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:

	<b>1% Decrease in Trend Rates</b>	<b>Current Trend Rates</b>	<b>1% Increase in Trend Rates</b>
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%
Net OPEB Liability	\$ 6,324,243	\$ 6,478,128	\$ 6,655,954

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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

*Sensitivity of the El Paso County School District No. 8 proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Proportionate share of the net OPEB liability	\$ 7,324,828	\$ 6,478,128	\$ 5,754,023

*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](http://www.copera.org/investments/pera-financial-reports).

**NOTE 11 TAX, SPENDING AND DEBT LIMITATIONS**

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

Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. In November 2000, voters within the District authorized the District to collect, retain and expend all excess revenues and other funds received from every source, without limitation, in the 2000-01 budget year and each subsequent budget year thereafter without further voter approval, notwithstanding the limitations of the TABOR Amendment. The TABOR Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the TABOR Amendment.

The TABOR Amendment requires the District to establish a reserve for emergencies. At June 30, 2020, the District’s reserve of \$2,275,000 was reported as restricted fund balance in the General Fund.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 12    ADOPTION OF NEW ACCOUNTING STANDARD**

The School implemented GASB Statement No. 84, *Fiduciary Activities*, effective July 1, 2019. This Statement establishes specific criteria for identifying activities that should be reported as fiduciary activities. As a result, net position at June 30, 2019, was restated to reflect the cumulative effect of adopting this standard.

Restatements had the following impact on previously reported balances:

*Government-wide Activities*

Net Position, June 30, 2019, as originally stated	\$ (43,632,179)
Adoption of new accounting standard	<u>271,317</u>

Net Position, June 30, 2019, as Restated (deficit)	<u><u>\$ (43,360,862)</u></u>
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*Governmental Funds*

Total fund balances, June 30, 2019, as originally stated	\$ 38,141,001
Adoption of new accounting standard	<u>271,317</u>

Fund Balance, June 30, 2019, as Restated	<u><u>\$ 38,412,318</u></u>
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## **Required Supplementary Information**

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS**  
**PUBLIC EMPLOYEE'S RETIREMENT ASSOCIATION OF COLORADO - SCHOOL DIVISION TRUST FUND**  
**June 30, 2020**

	2019 *	2018	2017	2016	2015	2014	2013
<b>PROPORTIONATE SHARE OF NET PENSION LIABILITY</b>							
District's proportion of net pension liability (asset)	0.8820538315%	0.8858485315%	1.0060639759%	1.0142534803%	1.0091385263%	0.9906728422%	0.9607746117%
District's proportionate share of the net pension liability (asset)	\$ 131,776,928	\$ 156,857,678	\$ 325,325,334	\$ 301,982,482	\$ 154,340,613	\$ 134,269,447	\$ 122,546,542
State's proportionate share of the net pension liability (asset) associated with the District	16,714,227	21,448,109	-	-	-	-	-
	<u>\$ 148,491,155</u>	<u>\$ 178,305,787</u>	<u>\$ 325,325,334</u>	<u>\$ 301,982,482</u>	<u>\$ 154,340,613</u>	<u>\$ 134,269,447</u>	<u>\$ 122,546,542</u>
District's covered payroll	\$ 51,835,047	\$ 48,699,851	\$ 46,408,502	\$ 45,521,508	\$ 43,978,090	\$ 41,500,277	\$ 38,724,859
District's proportionate share of the net pension liability (asset) as a percentage of covered payroll	254.22%	322.09%	701%	663%	351%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	64.5%	57.0%	44%	43%	59%	63%	64%

\* the amounts presented for each year were determined as of 12/31.

	2020 **	2019	2018	2017	2016	2015	2014
<b>DISTRICT CONTRIBUTIONS</b>							
Statutorily required contributions	\$ 10,444,347	\$ 9,559,382	\$ 8,916,032	\$ 8,391,301	\$ 7,977,683	\$ 7,240,669	\$ 6,406,164
Contributions in relation to the statutorily required contributions	(10,444,347)	(9,559,382)	(8,916,032)	(8,391,301)	(7,977,683)	(7,240,669)	(6,406,164)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District covered payroll	\$ 53,892,399	\$ 49,970,632	\$ 47,226,930	\$ 45,657,758	\$ 45,026,008	\$ 42,890,677	\$ 40,082,793
Contributions as a percentage of covered payroll	19.38%	19.13%	18.88%	18.38%	17.72%	16.88%	15.98%

\*\* the amounts presented for each year were determined as of 6/30.

Complete 10-year information to be presented in future years as it becomes available.

See accompanying independent auditors report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY AND CONTRIBUTIONS**  
**PUBLIC EMPLOYEE'S RETIREMENT ASSOCIATION OF COLORADO - HEALTH CARE TRUST FUND**  
**June 30, 2020**

	<u>2019 *</u>	<u>2018</u>	<u>2017</u>
<b>PROPORTIONATE SHARE OF NET OPEB LIABILITY</b>			
District's proportion of net OPEB liability (asset)	0.5763469308%	0.5758063774%	0.5716412205%
District's proportionate share of the net OPEB liability (asset)	\$ 6,478,128	\$ 7,834,088	\$ 7,429,049
District's covered payroll	\$ 51,835,047	\$ 48,699,851	\$ 46,408,502
District's proportionate share of the net OPEB liability (asset) as a percentage of covered payroll	12.50%	16.09%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	24.5%	17.0%	17.5%

*\* the amounts presented for each year were determined as of 12/31.*

	<u>2020 **</u>	<u>2019</u>	<u>2018</u>
<b>DISTRICT CONTRIBUTIONS</b>			
Statutorily required contributions	\$ 549,711	\$ 509,704	\$ 481,715
Contributions in relation to the statutorily required contributions	<u>(549,711)</u>	<u>(509,704)</u>	<u>(481,715)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District covered - employee payroll	\$ 53,892,399	\$ 49,970,999	\$ 47,226,930
Contributions as a percentage of covered - employee payroll	1.02%	1.02%	1.02%

*\*\* the amounts presented for each year were determined as of 6/30.*

Complete 10-year information to be presented in future years as it becomes available.

See accompanying independent auditors report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2020**

REVENUES	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Local sources				
Property taxes	\$ 4,063,005	\$ 4,205,000	\$ 4,240,797	\$ 35,797
Specific ownership taxes	390,451	390,451	460,409	69,958
Tuition	35,000	35,000	15,895	(19,105)
Interest on investments	200,100	150,100	132,456	(17,644)
Miscellaneous	587,313	760,641	580,079	(180,562)
Total local sources	<u>5,275,869</u>	<u>5,541,192</u>	<u>5,429,636</u>	<u>(111,556)</u>
State sources				
State equalization	61,827,035	62,481,000	63,226,316	745,316
Special education	2,887,802	2,946,345	2,975,960	29,615
Transportation	725,000	725,000	733,772	8,772
Miscellaneous Grants	1,286,987	2,677,971	2,501,618	(176,354)
Total state sources	<u>66,726,824</u>	<u>68,830,316</u>	<u>69,437,666</u>	<u>607,349</u>
Federal sources				
Impact aid	25,200,000	30,203,276	30,204,253	-
DoD supplemental assistance	990,000	1,350,498	1,350,498	-
Carl Perkins Grant	30,000	61,073	54,610	(6,463)
JROTC Grant	125,000	125,000	134,628	9,628
Preschool Program	56,357	57,093	57,093	-
Child Find Grant	-	-	8,066	
SAMHSA Project Aware	-	96,980	147,972	50,992
Total federal sources	<u>26,401,357</u>	<u>31,893,920</u>	<u>31,957,120</u>	<u>54,158</u>
TOTAL REVENUES	<u>\$ 98,404,050</u>	<u>\$ 106,265,428</u>	<u>\$ 106,824,422</u>	<u>\$ 558,994</u>

(Continued)

See accompanying independent auditors report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2020**

EXPENDITURES	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Instruction</b>				
Salaries	\$ 33,423,380	\$ 34,161,317	\$ 34,347,299	\$ (185,982)
Employee benefits	9,983,296	10,935,531	11,143,597	(208,066)
Purchased Services	1,649,227	1,817,267	1,528,460	288,807
Supplies and materials	2,267,476	2,347,568	1,941,196	406,372
Capital Outlay	280,527	212,733	175,681	37,052
Other	196,584	156,852	100,001	56,851
Total	47,800,490	49,631,268	49,236,234	395,034
<b>Counselors &amp; SPED support</b>				
Salaries	4,518,736	4,615,703	4,626,977	(11,274)
Employee benefits	1,398,954	1,538,470	1,473,744	64,726
Purchased Services	153,036	267,036	152,411	114,625
Supplies and materials	381,776	387,709	343,986	43,723
Capital Outlay	20,500	20,500	11,154	9,346
Other	5,500	5,500	9,333	(3,833)
Total	6,478,502	6,834,918	6,617,605	217,313
<b>Curriculum, Media &amp; Staff Development</b>				
Salaries	1,783,620	1,824,427	1,892,756	(68,329)
Employee benefits	513,774	565,053	622,586	(57,533)
Purchased Services	213,515	308,720	189,691	119,029
Supplies and materials	85,148	91,398	51,984	39,414
Capital Outlay	2,500	2,500	-	2,500
Other	22,500	22,500	288	22,212
Total	2,621,057	2,814,598	2,757,305	57,293
<b>Board of Education, Legal, PR &amp; Superintendent</b>				
Salaries	442,526	442,526	444,005	(1,479)
Employee benefits	186,243	196,965	202,793	(5,828)
Purchased Services	241,950	241,950	160,580	81,370
Supplies and materials	84,225	89,725	69,301	20,424
Capital Outlay	2,500	2,500	2,074	426
Other	83,500	78,500	68,853	9,647
Total	1,040,944	1,052,166	947,606	104,560
<b>School Administration</b>				
Salaries	5,133,367	5,133,371	5,025,800	107,571
Employee benefits	1,501,745	1,631,200	1,629,265	1,935
Purchased Services	36,789	36,789	27,766	9,023
Supplies and materials	48,130	46,116	43,423	2,693
Capital Outlay	5,600	5,600	2,099	3,501
Other	1,937	1,937	574	1,363
Total	6,727,568	6,855,013	6,728,927	126,086

(Continued)

See accompanying independent auditors report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2020**

EXPENDITURES	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Business Support &amp; Internal Operations</b>				
Salaries	\$ 889,963	\$ 890,464	\$ 827,018	\$ 63,446
Employee benefits	266,261	287,320	305,738	(18,418)
Purchased Services	145,300	147,800	89,441	58,359
Supplies and materials	73,000	75,000	65,364	9,636
Capital Outlay	41,000	36,000	10,190	25,810
Other	(51,497)	(51,497)	(33,340)	(18,157)
Total	<u>1,364,027</u>	<u>1,385,087</u>	<u>1,264,411</u>	<u>120,676</u>
<b>Operations Maintenance</b>				
Salaries	3,081,437	3,113,438	3,156,708	(43,270)
Employee benefits	1,015,817	1,104,387	1,095,427	8,960
Purchased Services	1,897,475	1,887,475	1,865,850	21,625
Supplies and materials	2,258,200	2,258,200	1,851,169	407,031
Capital Outlay	61,500	61,500	45,468	16,032
Other	(625)	(625)	(948)	323
Total	<u>8,313,804</u>	<u>8,424,375</u>	<u>8,013,674</u>	<u>410,701</u>
<b>Transportation</b>				
Salaries	2,688,604	2,820,605	2,960,639	(140,034)
Employee benefits	974,102	1,134,038	1,047,408	86,630
Purchased Services	188,600	198,600	161,469	37,131
Supplies and materials	560,500	560,500	285,949	274,551
Capital Outlay	10,000	10,000	17,716	(7,716)
Other	(42,795)	(42,795)	(29,528)	(13,267)
Total	<u>4,379,011</u>	<u>4,680,948</u>	<u>4,443,653</u>	<u>237,295</u>
<b>Personnel &amp; Information Systems</b>				
Salaries	1,793,246	1,852,496	1,778,012	74,484
Employee benefits	508,504	570,479	566,687	3,792
Purchased Services	1,785,850	1,790,950	1,553,278	237,672
Supplies and materials	101,900	101,900	127,472	(25,572)
Capital Outlay	15,000	15,000	9,981	5,019
Other	23,825	23,825	21,790	2,035
Total	<u>4,228,325</u>	<u>4,354,650</u>	<u>4,057,220</u>	<u>297,430</u>
<b>Community Services</b>				
Salaries	79,354	79,354	99,744	(20,390)
Employee benefits	23,262	25,621	31,428	(5,807)
Purchased Services	710,895	725,895	708,809	17,086
Supplies and materials	7,224	10,224	120	10,104
Other	40,000	50,000	40,585	9,415
Total	<u>860,735</u>	<u>891,094</u>	<u>880,686</u>	<u>10,408</u>

(Continued)

See accompanying independent auditors report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Reserves				
TABOR	\$ 2,200,000	\$ 2,300,000	\$ -	\$ 2,300,000
Mill Levy Override	362,886	479,093	-	479,093
Multi-year Obligations	-	367,811	-	367,811
Contingency	3,643,112	2,636,099	-	2,636,099
Total	<u>6,205,998</u>	<u>5,783,003</u>	<u>-</u>	<u>5,783,003</u>
 TOTAL EXPENDITURES	 <u>90,020,461</u>	 <u>92,707,120</u>	 <u>84,947,321</u>	 <u>7,759,799</u>
 Excess (deficiency) of revenues over expenditures	 <u>8,383,589</u>	 <u>13,558,308</u>	 <u>21,877,101</u>	 <u>8,318,793</u>
 OTHER FINANCING SOURCES (USES)				
Transfer from Designated Purpose Grants Fund	-	-	-	-
Transfer to Capital Projects Fund	(3,084,487)	(3,208,035)	(3,208,035)	-
Transfer to Building Fund	(11,600,000)	(17,100,000)	(17,100,000)	-
Transfer to Food Services Fund	-	-	-	-
Total other financing sources (uses)	<u>(14,684,487)</u>	<u>(20,308,035)</u>	<u>(20,308,035)</u>	<u>-</u>
Net change in fund balance	(6,300,898)	(6,749,727)	1,569,066	8,318,793
Fund balance, beginning	<u>6,300,898</u>	<u>6,749,727</u>	<u>6,749,727</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,318,793</u>	<u>\$ 8,318,793</u>

(Continued)

See accompanying independent auditors report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8  
DESIGNATED PURPOSE GRANTS FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal sources	\$ 3,549,760	\$ 9,574,298	\$ 5,438,969	\$ (4,135,329)
<b>TOTAL REVENUES</b>	<b>3,549,760</b>	<b>9,574,298</b>	<b>5,438,969</b>	<b>(4,135,329)</b>
EXPENDITURES				
Salaries	2,256,910	2,865,958	2,489,529	376,429
Employee benefits	630,048	806,155	689,289	116,866
Purchased Services	392,000	856,622	655,330	201,292
Supplies	170,637	1,663,567	289,023	1,374,544
Equipment	-	3,276,293	1,215,456	2,060,837
Other	100,165	105,703	100,342	5,361
<b>TOTAL EXPENDITURES</b>	<b>3,549,760</b>	<b>9,574,298</b>	<b>5,438,969</b>	<b>4,135,329</b>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors report.

## **Other Supplementary Information**

EL PASO COUNTY SCHOOL DISTRICT NO. 8  
 COMBINING BALANCE SHEET  
**NONMAJOR GOVERNMENTAL FUNDS**  
 JUNE 30, 2020

	Food Service Fund	Pupil Activity Fund	Totals
<b>ASSETS</b>			
Cash and investments	\$ 980,198	\$ 214,554	\$ 1,194,752
Intergovernmental receivables	124,773	-	124,773
Accounts receivable	41,471	30,378	71,849
Inventories	74,084	-	74,084
<b>TOTAL ASSETS</b>	<b>\$ 1,220,526</b>	<b>\$ 244,932</b>	<b>\$ 1,465,458</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 176,605	\$ 3,468	\$ 180,073
<b>TOTAL LIABILITIES</b>	<b>176,605</b>	<b>3,468</b>	<b>180,073</b>
<b>FUND BALANCE</b>			
Nonspendable			
Inventories	74,084	-	74,084
Assigned			
Food service	969,837	-	969,837
Pupil Activities	-	241,464	241,464
<b>TOTAL FUND BALANCE</b>	<b>1,043,921</b>	<b>241,464</b>	<b>1,285,385</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,220,526</b>	<b>\$ 244,932</b>	<b>\$ 1,465,458</b>

See accompanying independent auditors report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
**NONMAJOR GOVERNMENTAL FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2020

	Food Service Fund	Pupil Activity Fund	Totals
<b>REVENUES</b>			
Local sources	\$ 788,639	\$ 663,020	\$ 1,451,659
State sources	87,248	-	87,248
Federal sources	2,220,047	-	2,220,047
<b>TOTAL REVENUES</b>	<b>3,095,934</b>	<b>663,020</b>	<b>3,758,954</b>
<b>EXPENDITURES</b>			
Current			
Instruction	-	692,873	692,873
Community and food services	2,998,319	-	2,998,319
<b>TOTAL EXPENDITURES</b>	<b>2,998,319</b>	<b>692,873</b>	<b>3,691,192</b>
Excess (deficiency) of revenues over expenditures	97,615	(29,853)	67,762
Fund balance, beginning of year, as restated	946,306	271,317	1,217,623
Fund balance, end of year	<u>\$ 1,043,921</u>	<u>\$ 241,464</u>	<u>\$ 1,285,385</u>

See accompanying independent auditors report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8  
FOOD SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local sources	\$ 1,100,375	\$ 1,100,375	\$ 788,639	\$ (311,736)
State sources	94,365	94,365	87,248	(7,117)
Federal sources	2,402,585	2,402,585	2,220,047	(182,538)
<b>TOTAL REVENUES</b>	<b>3,597,325</b>	<b>3,597,325</b>	<b>3,095,934</b>	<b>(501,391)</b>
<b>EXPENDITURES</b>				
Salaries	53,500	53,500	53,116	384
Employee benefits	23,225	23,225	23,126	99
Purchased Services	1,509,254	1,509,254	1,260,785	248,469
Supplies	1,891,346	1,891,346	1,572,644	318,702
Equipment	45,000	45,000	13,648	31,352
Other	75,000	100,000	75,000	25,000
Contingency	880,795	921,306	-	921,306
<b>TOTAL EXPENDITURES</b>	<b>4,478,120</b>	<b>4,543,631</b>	<b>2,998,319</b>	<b>1,545,312</b>
Excess (deficiency) of revenues over expenditures	(880,795)	(946,306)	97,615	1,043,921
Fund balance, beginning of year	880,795	946,306	946,306	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,043,921</u>	<u>\$ 1,043,921</u>

See accompanying independent auditors report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8  
PUPIL ACTIVITY AGENCY FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Local sources	\$ 1,000,000	\$ 1,010,050	\$ 663,020	\$ (347,030)
EXPENDITURES				
Supplies	1,073,788	1,181,367	692,873	488,494
Contingency	100,000	100,000	-	100,000
TOTAL EXPENDITURES	1,173,788	1,281,367	692,873	588,495
Net change in fund balance	(173,788)	(271,317)	(29,853)	(241,464)
Fund balance, beginning of year	173,788	271,317	271,317	-
Fund balance, end of year	\$ -	\$ -	\$ 241,464	\$ (241,464)

See accompanying independent auditors report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8  
BUILDING FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local sources	\$ 275,000	\$ 300,000	\$ 309,977	\$ 9,977
State sources	-	306,593	306,592	(1)
Federal Sources	-	701,477	701,477	-
<b>TOTAL REVENUES</b>	<b>275,000</b>	<b>1,308,070</b>	<b>1,318,046</b>	<b>9,976</b>
<b>EXPENDITURES</b>				
Current				
Salaries and benefits	86,100	86,100	80,933	5,167
Capital outlay				
Facilities acquisition and construction	15,647,477	23,101,896	15,555,195	7,546,701
Debt service				
Principal	690,000	690,000	690,000	-
Interest and fees	428,773	428,773	428,773	-
Contingency	6,307,782	6,572,720	-	6,572,720
<b>TOTAL EXPENDITURES</b>	<b>23,160,132</b>	<b>30,879,489</b>	<b>16,754,901</b>	<b>14,124,588</b>
Excess (deficiency) of revenues over expenditures	(22,885,132)	(29,571,419)	(15,436,855)	14,134,564
<b>OTHER FINANCING SOURCES</b>				
Transfer from the General Fund	11,600,000	17,100,000	17,100,000	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>11,600,000</b>	<b>17,100,000</b>	<b>17,100,000</b>	<b>-</b>
Net change in fund balance	(11,285,132)	(12,471,419)	1,663,145	14,134,564
Fund balance, beginning of year	11,285,132	12,471,419	12,471,419	-
Fund balance, end of year	\$ -	\$ -	\$ 14,134,564	\$ 14,134,564

See accompanying independent auditors report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8  
CAPITAL PROJECTS FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 250,000	\$ 150,000	\$ 148,335	\$ (1,665)
State sources	-	1,039,682	1,039,682	-
<b>TOTAL REVENUES</b>	<b>250,000</b>	<b>1,189,682</b>	<b>1,188,017</b>	<b>(1,665)</b>
EXPENDITURES				
Purchased Services	1,013,279	1,840,691	1,684,356	156,335
Supplies	68,000	81,500	67,839	13,661
Capital Outlay	20,277,438	24,404,026	21,680,999	2,723,027
Debt Service				
Principal	860,653	66,559	66,559	-
Interest and fees	25,759	15,162	15,162	-
Contingency	747,385	287,898	-	287,898
<b>TOTAL EXPENDITURES</b>	<b>22,992,514</b>	<b>26,695,836</b>	<b>23,514,915</b>	<b>3,180,921</b>
Excess (deficiency) of revenues over expenditures	(22,742,514)	(25,506,154)	(22,326,898)	3,179,256
OTHER FINANCING SOURCES				
Proceeds from insurance claims	2,500,000	4,324,570	4,322,327	(2,243)
Transfer from the General Fund	3,084,487	3,208,035	3,208,035	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>5,584,487</b>	<b>7,532,605</b>	<b>7,530,362</b>	<b>(2,243)</b>
Net change in fund balance	(17,158,027)	(17,973,549)	(14,796,536)	3,177,013
Fund balance, beginning of year	17,158,027	17,973,549	17,973,549	-
Fund balance, end of year	\$ -	\$ -	\$ 3,177,013	\$ 3,177,013

See accompanying independent auditors report.

# **Compliance Section**

# **Single Audit**

**EL PASO COUNTY SCHOOL DISTRICT NO. 8  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Pass-Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Education</b>				
Direct Programs				
Impact Aid		84.041	\$ -	\$ 30,905,730
Title VI Indian Education		84.060	-	2,061
Total Direct Programs				<u>30,907,791</u>
Passed through Colorado Department of Education				
Title I Title I	4010	84.010	-	1,416,759
Special Education Cluster				
IDEA Special Education	4027	84.027	-	1,300,632
IDEA Special Education Preschool	4173	84.173	-	57,093
Total Special Education Cluster				<u>1,357,725</u>
Title II-A Supporting Effective Instruction	4367	84.367	-	192,340
Title III English Language Acquisition (ELL)	4365	84.365	-	21,107
Title IV-A Student Support and Academic Enrichment	4424	84.424	-	72,617
Elementary & Secondary School Emergency Relief	4425	84.425D	-	133,632
IDEA Special Education Child Find	5181	84.181	-	8,066
Title X Education for Homeless Children and Youth	5196	84.196	-	60,000
Total Passed through Colorado Department of Education				<u>3,262,246</u>
Passed through Colorado Community College System				
Career and Technical Education (CTE)	4048	84.048	-	54,610
<b>Total U.S. Department of Education</b>				<u><b>34,224,647</b></u>
<b>U.S. Department of Health and Human Services</b>				
Passed through Colorado Department of Education				
Substance Abuse and Mental Health Services	7243	93.243	-	<u>147,973</u>
<b>U.S. Department of Agriculture</b>				
Child Nutrition Cluster				
Passed through Colorado Department of Human Services				
Food Donation (commodities)	4555	10.555	-	269,885
Passed through Colorado Department of Education				
School Breakfast Program	4553	10.553	-	333,734
National School Lunch Program	4555	10.555	-	1,586,299
Special Milk Program for Children	4556	10.556	-	7,164
Summer Food Service Program for Children	4559	10.559	-	22,965
Total Child Nutrition Cluster				<u>2,220,047</u>
<b>Total U.S. Department of Agriculture</b>				<u><b>2,220,047</b></u>
<b>U.S. Department of Treasury</b>				
Passed through Colorado Department of Education				
Coronavirus Relief Fund - K-12	4012	21.019	-	<u>1,461,390</u>
<b>U.S. Department of Defense</b>				
Direct Programs				
Junior ROTC		12.000	-	134,628
DOD Impact Aid		12.558	-	1,350,497
Promoting K-12 Student Achievement at Military Connected Schools		12.556	-	778,431
<b>Total U.S. Department of Defense</b>				<u><b>2,263,556</b></u>
<b>Total Federal Awards</b>			<u><b>\$ -</b></u>	<u><b>\$ 40,317,613</b></u>

See accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2020**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of El Paso County School District No. 8 under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of El Paso County School District No. 8, it is not intended to and does not present the financial position, changes in net position, or cash flows of El Paso County School District No. 8.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified-accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. For the year ended June 30, 2020, there are no negative amounts on the schedule.

Pass-through entity identifying numbers are presented where available. For the year ended June 30, 2020, no amounts were passed through to sub-recipients.

Junior ROTC does not have a CFDA number, so the Federal CFDA number on the Schedule of Expenditures of Federal Awards identifies the Department followed by "000".

**NOTE 3 INDIRECT COST RATE**

El Paso County School District No. 8 has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 NON-CASH ASSISTANCE**

During the year end June 30, 2020, El Paso County School District No. 8 received \$269,885 in non-cash assistance in the form of food commodities. Valuation of commodities is based on fair market value at the time of receipt.



**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***

To the Board of Education  
El Paso County School District No. 8

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, each major fund, and the aggregate remaining fund information of El Paso County School District No. 8, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise El Paso County School District No. 8's basic financial statements, and have issued our report thereon dated November 10, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered El Paso County School District No. 8'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 El Paso County School District No. 8's internal control. Accordingly, we do not express an opinion on the effectiveness of El Paso County School District No. 8'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 El Paso County School District No. 8'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.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
November 10, 2020



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

To the Board of Education  
El Paso County School District No. 8

**Report on Compliance for Each Major Federal Program**

We have audited El Paso County School District No. 8'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 No. 8's major federal programs for the year ended June 30, 2020. El Paso County School District No. 8's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of El Paso County School District No. 8'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 No. 8'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 No. 8's compliance.

***Opinion on Each Major Federal Program***

In our opinion, El Paso County School District No. 8, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

Management of El Paso County School District No. 8 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 No. 8'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 No. 8's internal control over compliance.

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

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

### Purpose of this Report

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

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
November 10, 2020

**EL PASO COUNTY SCHOOL DISTRICT NO. 8  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

Section I—Summary of Auditors’ Results

*Financial Statements*

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ yes x no
- Significant deficiency(ies) identified? \_\_\_ yes x none reported

Noncompliance material to financial statements noted? \_\_\_ yes x no

*Federal Awards*

Internal control over major programs?

- Material weakness(es) identified? \_\_\_ yes x no
- Significant deficiency(ies) identified? \_\_\_ yes x none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_ yes x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
CFDA 21.019	Coronavirus Relief Fund – K-12
CFDA 84.010	Title I
CFDA 84.027 & 84.173	Special Education Cluster
CFDA 84.041	Impact Aid

Dollar threshold used to distinguish between type A and type B programs? \$1,209,528

Auditee qualified as low-risk auditee? x yes \_\_\_ no

**EL PASO COUNTY SCHOOL DISTRICT NO. 8  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

Section II—Financial Statement Findings

None reported.

Section III—Federal Award Findings

None reported.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the El Paso County School District No. 8 Schedule of Findings and Questioned Costs for the year ended June 30, 2019. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2020 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

There were no prior year audit findings.



**INDEPENDENT AUDITORS' REPORT ON COLORADO SCHOOL  
DISTRICT/BOCES AUDITOR'S INTEGRITY REPORT**

To the Board of Education  
El Paso County School District No. 8

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Paso County School District No. 8, as of and for the year ended June 30, 2020, which collectively comprise El Paso County School District No. 8's basic financial statements, and our report thereon dated November 10, 2020, which expressed an unmodified opinion on those financial statement, appears as listed in the table of contents.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso County School District No. 8's financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Hoelting & Company, Inc.*

Colorado Springs, Colorado  
November 10, 2020



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1000 - Fountain 8  
 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	6,583,063	85,466,285	83,887,850	8,161,498
18 Risk Mgmt Sub-Fund of General Fund	166,664	1,050,101	1,059,471	157,295
19 Colorado Preschool Program Fund	0	0	0	0
<b>Sub- Total</b>	<b>6,749,727</b>	<b>86,516,387</b>	<b>84,947,321</b>	<b>8,318,793</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	946,306	3,095,934	2,998,319	1,043,922
22 Govt Designated-Purpose Grants Fund	0	5,438,969	5,438,969	0
23 Pupil Activity Special Revenue Fund	271,317	663,020	692,873	241,464
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	12,471,420	18,418,046	16,754,901	14,134,564
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	17,973,549	8,718,379	23,514,915	3,177,013
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>38,412,319</b>	<b>122,850,734</b>	<b>134,347,297</b>	<b>26,915,756</b>
<b>Proprietary</b>				
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
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FINAL