
Lewis-Palmer School District No. 38



AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Our Schools



Lewis-Palmer Elementary



Bear Creek Elementary



Prairie Winds Elementary



Palmer Lake Elementary



Ray E. Kilmer Elementary



Lewis-Palmer Middle School



Lewis-Palmer High School



Palmer Ridge High School



Home School Enrichment Academy



Monument Academy Charter School



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

Administration Office:
Phone 719-488-4700
Fax 719-488-4704
www.lewispalmer.org

Elected Officials Board of Education

Tiffiney Upchurch	President
Kris Norris	Vice President
Ron Schwarz	Treasurer
Patti Shank, Ed	Secretary
Todd Brown	Director

Administrative Officials

Amber Whetstine	Superintendent
Brett Ridgway	Chief Business Officer & Assistant Treasurer
Rick Frampton	Executive Director of Student Services
Alicia Welch	Executive Director of Education Services
Amy Matissek	Director of Communications

Lewis-Palmer School District 38 Vision, Mission, Strategic Plan & Values



Mission: Lewis-Palmer School District is a partnership of parents, the community, and educators that aspires to prepare our students to be successful learners, productive citizens, and caring contributors to society. LPSD seeks to develop each student's talents in a safe, nurturing environment and to inspire a life-long love of learning.



PORTRAIT OF AN EDUCATOR

District 38 provides educators with the time, resources, encouragement, and professional development necessary to support them feeling successful, valued, fulfilled and balanced in work and life.



LPSD38 EDUCATORS ARE:	AS DEMONSTRATED BY:
CONNECTORS	<ul style="list-style-type: none"> Building relationships with and among students Providing students with relevant, real-world experiences Creating safe, positive, and supportive learning environments
DIFFERENTIATORS	<ul style="list-style-type: none"> Using a variety of instruction and assessment techniques to meet the needs of each learner Respecting individuality and diversity Supporting the social, emotional, and academic growth of each student
PROFESSIONALS	<ul style="list-style-type: none"> Demonstrating expertise in content and subject matter Collaborating meaningfully with colleagues and team members Taking advantage of opportunities for growth and development
FACILITATORS	<ul style="list-style-type: none"> Listening deeply and modeling empathy and compassion Fostering curiosity, growth, and exploration in students Promoting student voice and choice in their learning experiences

PORTRAIT OF A GRADUATE

District 38 aspires to develop graduates who are confident and ready to serve as productive, adaptive, caring and balanced contributors empowered to create positive impact.



LPSD38 GRADUATES ARE:	AS DEMONSTRATED BY:
NAVIGATORS	<ul style="list-style-type: none"> Courageous Thoughtful Agile Confident
CONTRIBUTORS	<ul style="list-style-type: none"> Solutions-Oriented Engaged Productive Competent
PROBLEM-SOLVERS	<ul style="list-style-type: none"> Analytical Creative Determined Reflective
CONNECTORS	<ul style="list-style-type: none"> Caring Empathetic Considerate Authentic
COMMUNICATORS	<ul style="list-style-type: none"> Articulate Resourceful Intentional Balanced

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
El Paso County School District No. 38 - Lewis-Palmer

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 38 - Lewis-Palmer, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the El Paso County School District No. 38 - Lewis-Palmer's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 38 - Lewis-Palmer, as of June 30, 2025 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the El Paso County School District No. 38 - Lewis-Palmer and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 12 to the financial statements, El Paso County School District No. 38 - Lewis-Palmer implemented GASB Statement No. 101, Compensated Absences, effective July 1, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the El Paso County School District No. 38 - Lewis-Palmer's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 El Paso County School District No. 38 - Lewis-Palmer's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the El Paso County School District No. 38 - Lewis-Palmer's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary 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. 38 - Lewis-Palmer's basic financial statements. The accompanying combining and individual fund statements and schedules are presented for purposes of additional analysis and are 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 basic financial statements. The 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hoelting & Company Inc.

Colorado Springs, Colorado

December 29, 2025

**EL PASO COUNTY SCHOOL DISTRICT 38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**



This section of the El Paso County School District #38 - Lewis-Palmer's (the District) annual financial statements presents a discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section, including the notes to the financial statements. Key financial highlights for 2025 are as follows:

- The total assets including land, buildings, and equipment and deferred outflows of resources of the Primary Government exceeded its liabilities and deferred inflows of resources at the close of the fiscal year June 30, 2025 by \$3,482,170 for the primary reporting entity. This represented a decrease in net position of -\$108,279. The District participates in the School Division Trust Fund, a cost-sharing multiple employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The decline in net position occurred with a deterioration of -\$400,383 from the amortization of deferred outflows of resources and deferred inflows of resources related and current year calculations of Net Pension Liability and Net OPEB Liability related to PERA.
- The District has an unrestricted net position of -\$75,707,629 as of June 30, 2025 as compared to an unrestricted net position of -\$67,031,517 as of June 30, 2024.
- Total revenues were \$82,824,927. General revenues accounted for \$67,243,322, in revenue or 81% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$15,581,605 or 19% of total revenue.
- The Primary Government's total net position decreased from \$3,590,449 at June 30, 2024 to \$3,482,170 at June 30, 2025. This was a decrease of -\$108,279 during the fiscal year or 3%.
- The District incurred \$78,996,903 in expenses related to governmental activities. Of that; \$15,581,605 of these expenses was offset by program specific charges for services, grants and contributions. General revenues, primarily State equalization and property taxes, of \$67,243,322 provided for the remaining funding of activities, including \$11,900,201 directed to the district's component unit, Monument Academy.
- As of June 30, 2025, the District's governmental funds reported a combined ending fund balance of \$19,866,250, a decrease of -\$7,631,450. The primary cause of the fund balance decrease was the use of previously accumulated fund balance related to capital projects of \$2,467,995 and a \$4,059,511 to acquire and renovate the new Career & Innovation Center (CIC).

**EL PASO COUNTY SCHOOL DISTRICT 38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**



- The Governmental Funds had \$186,872 in fund balances designated as non-spendable related to inventory as of June 30, 2025.
- The Governmental Funds Restricted fund balance totaled \$ 10,232,694, with \$2,410,000 held in the General Fund for the emergency contingency required by Article X, Section 20 of the Colorado Constitution, \$6,950,197 held in the Debt Service Fund, and \$872,497 held in the Food Services Fund.
- The Governmental Funds Committed fund balance totaled \$2,148,756, with \$3,207 held for projects in the Transportation Fund; and \$2,145,549 held in the Pupil Activities Fund.
- The Governmental Funds Assigned fund balance totaled \$ 192,397, with \$157,397 for capital projects and another \$35,000 reported at year end as assigned fund balance in the General Fund relating to the amount that budgeted expenditures exceed budgeted revenues for fiscal year 2024-2025.
- Long-term liabilities decreased by -\$15,470,798, including the adjustment for a change to Compensated Absences as described in Note 12 – Adjustments to and Restatements of Beginning Balances.
- At the end of the fiscal year, the Unassigned fund balance, held to manage cash flow in the General Fund was \$ 7,105,531 or 11% of the total General Fund operating revenue because 38% (\$25,143,518) of General Fund operating revenue comes from local property taxes that are received in the last four months of the year.
- The General Funds’ total Non-spendable, Restricted, and Committed fund balance was \$ 2,548,583. This amount included a restricted balance of \$2,410,000, the emergency contingency required by Article X, Section 20 of the Colorado Constitution. The remaining \$138,583 is held in non-spendable inventories.
- Among major funds, General Funds had \$66,428,615 in revenue, \$63,755,766 in expenditures, and \$6,688,529 in transfers to other funds.

**EL PASO COUNTY SCHOOL DISTRICT 38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**



Overview of the Financial Statements

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

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

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

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

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the District include instruction and support services of the District. The government-wide financial statements can be found on pages 1-2 of this report.

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

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

**EL PASO COUNTY SCHOOL DISTRICT 38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**



Fund Financial Statements

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

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

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

Notes to the Basic Financial Statements

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

The notes to the basic financial statements can be found on pages 10-46 of this report.

Required Supplementary Information

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

Other Information

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

**EL PASO COUNTY SCHOOL DISTRICT 38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**



Government-wide Financial Results

The following table provides a summary of the District’s Government-wide net position as of June 30, 2025 and 2024, respectively:

Table 1 – Condensed Statement of Net Position

	2025	2024	\$ Change	% Change
				H/(L)
Current and Other Assets	\$ 26,459,246	\$ 32,592,322	\$ (6,133,076)	(18.8%)
Capital Assets	102,436,864	94,319,453	8,117,411	8.6%
<u>Total Assets</u>	<u>128,896,110</u>	<u>126,911,775</u>	<u>1,984,335</u>	<u>1.6%</u>
Deferred Outflows of Resources	20,508,410	31,018,035	(10,509,625)	(33.9%)
<u>Total Assets & Deferred Outflows</u>	<u>\$149,404,520</u>	<u>\$157,929,810</u>	<u>\$ (8,525,290)</u>	<u>(5.4%)</u>
Current Liabilities	\$ 6,179,018	\$ 4,774,731	\$ 1,404,287	29.4%
Long-term Liabilities	131,966,141	143,500,636	(11,534,495)	(8.0%)
<u>Total Liabilities</u>	<u>138,145,159</u>	<u>148,275,367</u>	<u>(10,130,208)</u>	<u>(6.8%)</u>
Deferred Inflows of Resources	7,777,191	6,063,994	1,713,197	28.3%
Net Investment in Capital Assets	68,957,105	58,904,469	10,052,636	17.1%
Restricted Net Position	10,232,694	11,717,497	(1,484,803)	(12.7%)
Unrestricted Net Position	(75,707,629)	(67,031,517)	(8,676,112)	(12.9%)
<u>Total Net Position</u>	<u>3,482,170</u>	<u>3,590,449</u>	<u>(108,279)</u>	<u>3.0%</u>
<u>Total Liabilities, Deferred Inflows & Net Positions</u>	<u>\$149,404,520</u>	<u>\$157,929,810</u>	<u>\$ (8,525,290)</u>	<u>(5.4%)</u>

The following table provides a summary of the District’s Government-wide activities as of June 30, 2025 and 2024, respectively

Table 2 – Condensed Statement of Activities

	2025	2024	\$ Change	% Change
REVENUES				
General Revenues:				H/(L)
Property Taxes	\$ 34,169,000	\$ 33,845,409	\$ 323,591	1.0%
Specific Ownership Taxes	3,326,077	3,099,628	226,449	7.3%
State Equalization	28,698,097	26,810,842	1,887,255	7.0%
Investment Income	811,391	869,435	(58,044)	(6.7%)
Other General Revenue	238,757	1,555,390	(1,316,633)	(84.6%)
Program Revenues:				
Charges for Services	2,371,191	5,766,486	(3,395,295)	(58.9%)
Operating Grants/Contributions	12,782,687	8,767,874	4,014,813	45.8%
Capital Grants/Contributions	427,727	401,760	25,967	6.5%
<u>Total Revenues</u>	<u>82,824,927</u>	<u>81,116,824</u>	<u>1,708,103</u>	<u>2.1%</u>
EXPENSES				
Instruction	43,444,060	39,421,271	4,022,789	10.2%
Supporting Services	34,882,324	35,528,738	(646,414)	(1.8%)
Interest & Other Fiscal Charges	670,519	906,170	(235,651)	(26.0%)
<u>Total Expenses</u>	<u>78,996,903</u>	<u>75,856,179</u>	<u>3,140,724</u>	<u>4.1%</u>
CHANGE IN NET POSITION	3,828,024	5,260,645	(1,432,621)	(27.2%)
Net Position - Beginning	(345,854)	(1,670,196)	1,324,342	79.3%
<u>NET POSITION - ENDING</u>	<u>\$ 3,482,170</u>	<u>\$ 3,590,449</u>	<u>\$ (108,279)</u>	<u>3.0%</u>

**EL PASO COUNTY SCHOOL DISTRICT 38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**



Government-wide Financial Analysis

Net Position decreased from 2024 levels, by -\$108,279 to \$3,482,170.

- Net Investment in Capital Assets increased Net Position by \$10,052,636, primarily due to the activity related to the Career & Innovation Center.
- Total Assets and Deferred Outflows decreased by -\$8,544,771 or 5.4%. Total Liabilities and Deferred Inflows decreased by \$8,417,011 to somewhat counter the Asset and Deferred Outflow growth.

Revenues increased from 2024 levels, by \$1,708,103 or 2.1%.

- General Revenues increased by \$1,062,618 or 1.6%.
 - The General Revenue increase was driven primarily by an increase in the State Equalization (State Share) component of the School Finance Act (SFA) of \$1,887,255, offset by planned, lower, property tax collections in the Bond Redemption Fund (-\$657,370), lower property insurance claims (-\$450,862), and the 2024 expiration of Federal ESSR III Revenues also seen in 2024 (-\$311,038).
- Program Revenues increased by \$645,485 or 4.3%.
 - Offsetting one-time accounting activity related to the Career & Innovation Center created some revenue swings between the Charges for Services Line and the Operating Grants/Contributions line; all of which surrounded revenue growth in Early Childhood Education (ECE) +\$344,317.

Expenses increased by \$3,140,724 or 4.1% as reported.

- The spend on Instruction increased by \$4,022,789 while supporting services saw a decrease of -\$646,414., and Interest & Other Fiscal Charges decreased by -\$235,651.

Financial Analysis of the District’s Funds

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

**EL PASO COUNTY SCHOOL DISTRICT 38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**



year 2025, the District’s governmental funds reported a combined ending fund balance of \$19,866,250.

General Funds – General Funds are the major operating fund of the District, providing the majority of the resources for the educational and support programs.

Revenues

All General Funds totaled \$66,428,615 in revenue for the fiscal year 2024-2025, an increase of \$3,077,686 (4.9%) over fiscal year 2023-2024.

Table 3a – General Funds Revenue Comparison by Source Program

REVENUES - by Source Program	2025	2024	\$ Change	% Change
Local Sources :				H/(L)
* SFA Property Taxes Collected	\$ 25,143,518	\$ 23,914,503	\$ 1,229,014	5.1%
MLO Property Taxes Collected	3,990,426	3,998,133	(7,708)	(0.2%)
* SFA Specific Ownership Taxes	2,361,698	2,053,705	307,994	15.0%
Non-SFA Specific Ownership Taxes	964,379	1,045,924	(81,545)	(7.8%)
All Other Local Sources	1,426,797	2,501,218	(1,074,421)	(43.0%)
State Sources :				
* SFA State Equalization	28,698,097	26,810,842	1,887,255	7.0%
PERA Non-Employer Recognized Rev	748,780	170,930	577,850	338.1%
Other State Revenue	3,066,062	2,822,059	244,003	8.6%
Federal Sources :				
All Federal Sources	28,859	33,615	(4,756)	(14.1%)
Total Revenues	<u>\$ 66,428,615</u>	<u>\$ 63,350,929</u>	<u>\$ 3,077,686</u>	<u>4.9%</u>
	-	-		

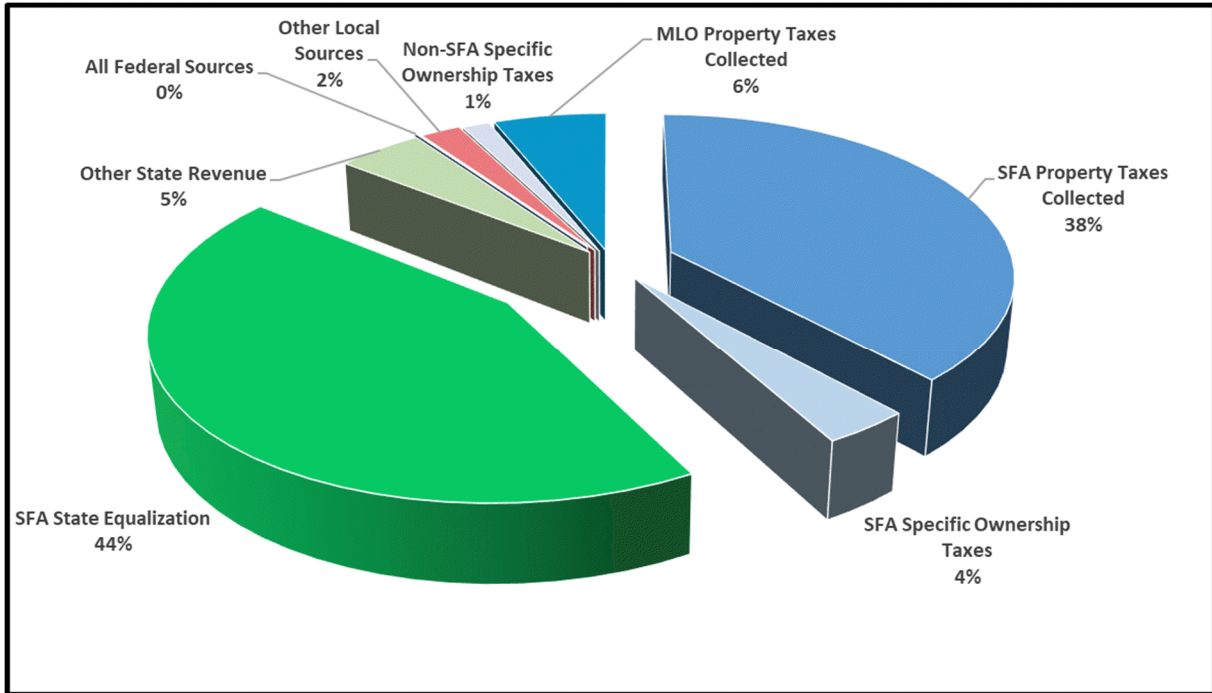
Table 3b – General Funds Revenue Comparison by Source Type

REVENUES - by Source Type				
* SFA (School Finance Act) Revenue	\$ 56,203,313	\$ 52,779,050	\$ 3,424,263	6.5%
MLO Property Taxes	3,990,426	3,998,133	(7,708)	(0.2%)
Non-SFA Specific Ownership Taxes	964,379	1,045,924	(81,545)	(7.8%)
Other Local Sources	1,426,797	2,501,218	(1,074,421)	(43.0%)
Other State Revenue	3,066,062	2,822,059	244,003	8.6%
All Federal Sources	28,859	33,615	(4,756)	(14.1%)
Subtotal Realized Revenue	<u>\$ 65,679,835</u>	<u>\$ 63,179,999</u>	<u>\$ 2,499,836</u>	<u>4.0%</u>
	-	-		
PERA Non-Employer Recognized Rev	748,780	170,930	577,850	338.1%
Total Revenues Recognized	<u>\$ 66,428,615</u>	<u>\$ 63,350,929</u>	<u>\$ 3,077,686</u>	<u>4.9%</u>

**EL PASO COUNTY SCHOOL DISTRICT 38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
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Table 4 – General Funds Revenue by Source Program / Type



General Funds Revenue Analysis

School Finance Act (SFA) revenue is the vast majority of General Funds Revenue, accounting for \$56,203,313 (85%) [Net of charter portion] of all General Funds Revenue.

- Local SFA Property Taxes contribute \$25,143,518 (45% of SFA revenue, 38% of total revenue)
- Local SFA Specific Ownership Taxes contribute \$2361,698
- The State Equalization component is \$28,698,097. (51% of SFA revenue, 44% of total revenue)

Mill Levy Override (MLO) revenue is the second largest contributor to General Funds revenue after the SFA, providing \$3,990,426 (6%) of total revenue.

The local tax component of revenue is completed with the remaining allocation of Specific Ownership Taxes (\$964,379 - 1%) that are not considered part of the SFA.

The remaining components of General Funds Revenue comes from Other State Revenues (principally Categorical Revenues like Special Education Funding), and Other Local Sources (mostly charter school purchased services and interest income).

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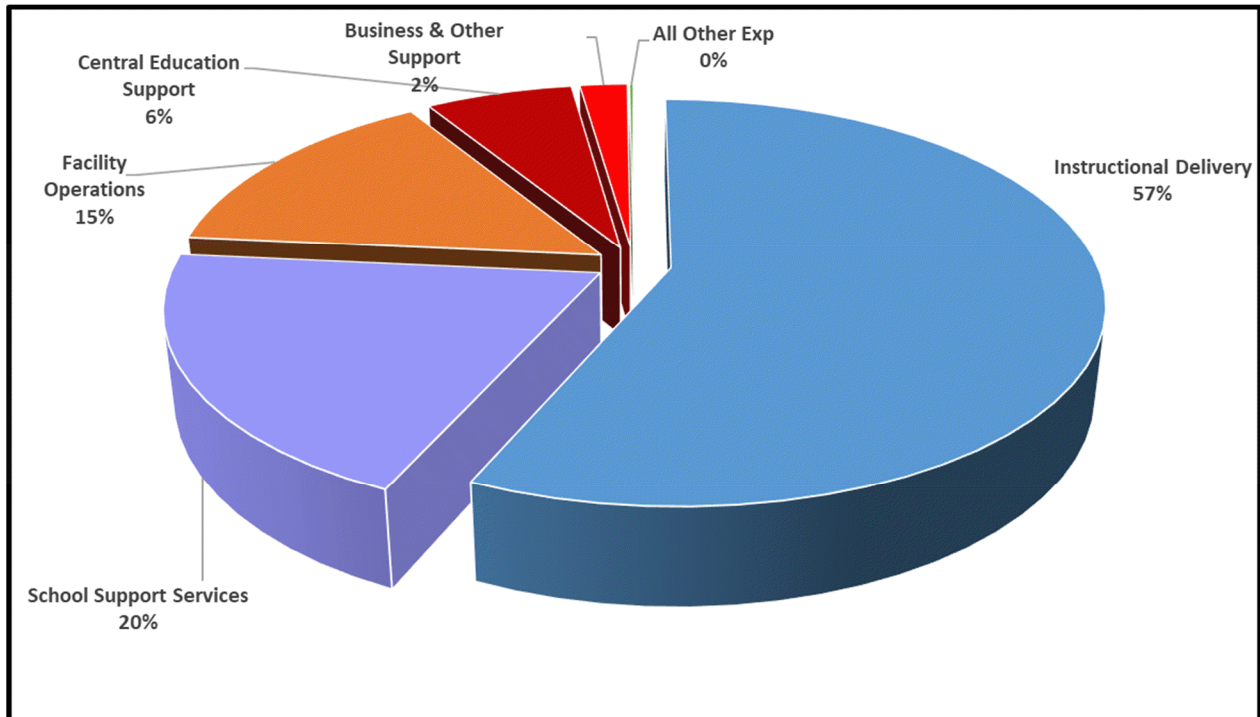
Expenditures

All General Funds totaled \$63,755,766 in expenditures for the fiscal year 2024-2025, an increase of \$4,053,254 (6.8%) over fiscal year 2023-2024.

Table 5 – General Funds Expenditure Comparison by Function

EXPENDITURES - by Function	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Local Sources :				H/(L)
Instructional Delivery	\$ 35,723,895	\$ 32,766,306	\$ 2,957,589	9.0%
Support Services :				
Student Supports	4,540,334	3,730,460	809,874	21.7%
Instructional Staff Supports	3,554,397	3,380,439	173,958	5.1%
School Administration	4,387,877	3,934,933	452,944	11.5%
Facility Operations & Transportation	9,237,481	9,082,782	154,699	1.7%
Central Education Support	4,129,883	4,372,587	(242,704)	(5.6%)
Business Office Other Support	1,328,951	944,745	384,207	40.7%
Capital Outlay	7,522	1,301,884	(1,294,363)	(99.4%)
Community Services	96,646	17,446	79,200	
<u>Total Expenditures Realized</u>	<u>\$ 63,006,986</u>	<u>\$ 59,531,582</u>	<u>\$ 3,475,404</u>	<u>5.8%</u>
PERA Non-Employer Instructional	462,455	105,890	356,565	338.1%
PERA Non-Employer Non-Instructional	286,325	65,040	221,285	
<u>Total Expenditures Recognized</u>	<u>\$ 63,755,766</u>	<u>\$ 59,702,512</u>	<u>\$ 4,053,254</u>	<u>6.8%</u>

Table 6 – General Funds Expenditures Realized by Function



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MANAGEMENT’S DISCUSSION AND ANALYSIS
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General Funds Expenditure Analysis

The primary takeaway from a review of General Funds Expenditures should note that the aggregate sum of Instructional Delivery, School Support Services (which includes School Administration, Student Support Services and Staff Support Services), and Facility Operations representing \$57,443,984 (91.2%) of the total realized spend – consistent with other school districts’ ratios.

For items typically viewed as ‘overhead’, Central Education Support (which includes assessment coordination and data reporting as well as career-technical education support in addition to the superintendent’s office) accounts for \$4,129,883 - 6.6% of the total realized spend. Business Office Support (which includes Finance, Human Resources and Information Technology) accounts for \$1,328,951 - 2.1% of the total realized spend.

The PERA Non-Employer recognized spend is part of the book-only activity of the net pension liability related to the District’s participation in PERA. See Note 8 for additional information. As a recognized, but not realized spend, this item does not impact cash flow and is perfectly offset by the corresponding recognized revenue items previously mentioned.

In comparing Direct Instructional Delivery to all other realized spends, an appropriate focus of increasing that functional spend relative to the others is evidenced by the \$2,957,589 (9.0%) year-to-year increase’ while all other realized spend functions increased by \$517,815 (1.9%).

The source of funds for Facility upkeep transitioned largely to non-General Funds, included in the Nonmajor Funds portion of the reporting, which is reflected in the significantly decreased spend on Capital Outlay from the 2023-2024 fiscal year.

Consistent with the emphasis to increase Direct Instructional Spend was the additional spend realized in Student Supports, which increased by \$809,874 or 21.7% from the 2023-2024 fiscal year.

Bond Redemption Fund

The Bond Redemption Fund is used to service the long-term debt not being financed by the Capital Reserve or other funds or financing arrangements. The primary revenue source for the Bond Redemption Fund is the corresponding voter approved mill levies, which were combined to a single levy of 6.137 mills for the 2024-2025 fiscal year assessed to the aggregate Assessed Value of \$931,531,930. This assessment and collection of prior years’ outstanding taxes generated current year

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revenues of \$5,705,537. These funds were used to satisfy principal and interest requirements on the District’s general obligation debt.

Grants Fund

The Grant Fund is used to account for the revenues and expenditures of specific local, state, and federal grant programs. Revenues for the 2024-2025 fiscal year totaled \$3,378,623 compared to \$3,873,433 for the 2023-2024 fiscal year. This decrease in revenues is primarily the result of the expiration of Federal funding relating from final allocations of the Education Stabilization Fund (ESSER). The vast majority of revenues and expenditures in the Grants Fund are the result of federal funding directed towards special needs students and students identified as at-risk due to poverty.

Building Reserve Fund

Total revenues for the Building Reserve Fund, including transfers from the General Fund, and the recognition of a book-only resource for capital lease financing, amounted to \$7,857,993 while expenditures totaled \$10,035,384. This activity, as previously mentioned, focused on the Career & Innovation Center. This also resulted in a decrease in (and actual exhaustion of) fund balance of -\$2,177,391 that had been accumulated in prior years.

Non-major Governmental Funds

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

Table 7 – Non-major Funds’ Activity

ACTIVITIES - Nonmajor Fund	<u>External Rev</u>	<u>Allocated Rev</u>	<u>Expenditures</u>	<u>Net</u>	<u>Fund Balance</u>
Nutrition Services	\$2,537,565	\$ -	\$ 2,786,867	\$ (249,301)	\$ 920,786
Transportation Services	928,292	1,969,624	3,244,613	(346,696)	3,207
Student Activity Fund	3,401,993	112,541	3,401,993	112,541	2,145,549
Capital Reserve Fund	1,339	2,710,185	3,019,747	(308,223)	-
Total Activity	<u>\$6,869,190</u>	<u>\$ 4,792,350</u>	<u>\$ 12,453,220</u>	<u>\$ (791,680)</u>	<u>\$ 3,069,542</u>

Nutrition Services Fund

The Nutrition Services Fund revenues come from the State of Colorado’s Healthy School Meals for All (HSMA) program as well as reimbursement for meal expenses under the Federal Child Nutrition Act (FCNA) for elementary schools. For secondary

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schools, some FCNA revenue is received but the primary revenue source comes from charges to users. Fiscal year 2024-2025 revenues totaled \$2,537,565. Expenditures totaled a slightly higher amount of \$2,786,867 and, as a result, fund balance decreased by -\$249,301. Of the total revenue, \$528,969 came from federal sources, \$1,083,165 came from state sources and the remaining \$925,431 came from charges to users and other local sources. Direct Food and Delivery costs accounted for \$981,190 - 35% of fund expenditures, Personnel Costs accounted for \$1,349,248 - 48%, and other Supplies & Services Costs accounted for 456,429 - 17%.

Student Activity Fund

The Pupil Activity Fund is used to account for the various student activities of the district. The primary sources of funding are participant fees and event admission fees. The fund balance increased by \$112,541 for the year with \$3,514,534 in revenues/other financing sources and \$3,401,993 in related expenditures. The vast majority of this activity is experienced in secondary schools – particularly in the high schools because of their significant extracurricular programs. Individual fee amounts are approved annually by the Board of Education as required by statute.

Transportation Services Fund

Since the Transportation program at District 38 includes a fee-for-service component, the entire program is accounted for in a separate Special Revenue Fund consistent with state Financial Policies & Procedures guidance. No transportation services associated with Individual Education Plans are charged to families. Revenues in Transportation Services come from a state subsidy (\$571,845 - 20%), charges to users (\$356,448 - 12%), and a general fund subsidy from School Finance Act revenue (\$1,969,624 - 68%). Fuel costs accounted for \$238,433 - 7% of fund expenditures. Personnel Costs accounted for \$2,365,105 - 73%, and other Supplies & Services accounted for \$641,076 - 20%.

Capital Reserve Fund

Total revenues for the Capital Reserve Fund, including transfers from the General Fund, amounted to \$2,711,524 while expenditures totaled \$3,019,747. This resulted in a decrease in (and actual exhaustion of) fund balance by -\$308,223 that had been accumulated in prior fiscal years' allocations from the General Fund and Building Reserve Fund.

**EL PASO COUNTY SCHOOL DISTRICT 38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
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Budgetary Performance Highlights of District General Funds

The final fiscal year 2024-2025 amended budget, adopted by the Board of Education, for the District’s General Funds, included a total appropriation (i.e. budgeted expenses) of \$63,038,891.

Table 8 – General Funds Revenue – 2024-2025 Actual vs. Budget

REVENUES - by Source Program	<u>Actual Results</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Local Sources :				H/(L)
* SFA Property Taxes Collected	\$ 25,143,518	\$ 25,151,362	\$ (7,845)	(0.0%)
MLO Property Taxes Collected	3,990,426	3,999,998	(9,573)	(0.2%)
* SFA Specific Ownership Taxes	2,361,698	1,941,439	420,259	21.6%
Non-SFA Specific Ownership Taxes	964,379	1,087,200	(122,821)	(11.3%)
All Other Local Sources	1,426,797	1,486,335	(59,538)	(4.0%)
State Sources :				
* SFA State Equalization	28,698,097	28,795,465	(97,368)	(0.3%)
PERA Non-Employer Recognized Rev				
Other State Revenue	3,066,062	3,138,404	(72,342)	(2.3%)
Federal Sources :				
<u>All Federal Sources</u>	<u>28,859</u>	<u>35,000</u>	<u>(6,141)</u>	<u>(17.5%)</u>
Subtotal Realized Revenue	\$ 65,679,835	\$ 65,635,203	\$ 44,632	0.1%
	-			
<u>PERA Non-Employer Recognized Rev</u>	<u>748,780</u>		<u>748,780</u>	
<u>Total Revenue Recognized</u>	<u>\$ 66,428,615</u>	<u>\$ 65,635,203</u>	<u>\$ 793,412</u>	<u>1.2%</u>
	-	-		

The District’s General Funds actual recognized revenue totaled \$66,428,615 or 1.2% greater than budgeted revenues. Virtually all of that variance was driven by unbudgeted, book-only activity of the net pension liability related to the District’s participation in PERA. See Note 8 for additional information. As a recognized, but not realized revenue, this item does not impact cash flow and is perfectly offset by the corresponding recognized, book-only, expense items previously mentioned

Realized Revenue was \$44,632 - 0.1% higher than budget. The most significant component of revenue – School Finance Act (SFA) revenue was similarly close to budget – only \$315,047 - 0.6% off of the \$55,888,266 budget.

Aggregate revenue allocations to other funds were right on budget. These allocations include the previously mentioned transfers to Capital Reserve (#43 - \$2,710,185) and Transportation Services (#25 - \$1,969,624). In addition, there was direct revenue from the Universal Preschool Program (UPK #19) of \$916,972. Additional allocations were made to the district’s risk management fund (#18 - \$1,098,593), and to the district’s capital maintenance fund (#15 - \$1,054,743) all occur within total General Funds and so are not specifically seen in the table above.

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Table 9 – General Funds Expenditures – 2024-2025 Actual vs. Budget

EXPENDITURES - by Function	<u>Actual Results</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Local Sources :				H/(L)
Instructional Delivery	\$ 35,723,895	\$ 35,219,154	\$ 504,741	1.4%
Support Services :				
Student Supports	4,540,334	4,325,959	214,376	5.0%
Instructional Staff Supports	3,554,397	3,616,699	(62,302)	(1.7%)
School Administration	4,387,877	5,673,932	(1,286,055)	(22.7%)
Facility Operations	9,237,481	9,563,293	(325,812)	(3.4%)
Central Education Support	4,129,883	3,232,758	897,125	27.8%
Business Office Support	1,328,951	1,291,613	37,339	2.9%
Capital Outlay	7,522	27,522	(20,000)	
Community Services	96,646	87,962	8,683	
<u>Total Expenditures Realized</u>	<u>\$ 63,006,986</u>	<u>\$ 63,038,891</u>	<u>\$ (31,905)</u>	<u>(0.1%)</u>
		-		
PERA Non-Employer Instructional	462,455	-	462,455	
PERA Non-Employer Non-Instructional	286,325	-	286,325	
<u>Total Expenditures Recognized</u>	<u>\$ 63,755,766</u>	<u>\$ 63,038,891</u>	<u>\$ 716,875</u>	<u>1.1%</u>

The District’s General Funds actual recognized expenditures totaled \$63,755,766, 1.1% higher than budgeted expenditures. That variance was impacted by book-only activity of the net pension liability related to the District’s participation in PERA. See Note 8 for additional information. As a recognized, but not realized expenditure, this item does not impact cash flow and is perfectly offset by the corresponding recognized, book-only, revenue items previously mentioned

Realized Expenditures were \$31,905 - 0.1% lower than budget and lower than the established appropriation target. The district Business Office prefers to measure budget results in a concept called the Window of Precise Performance (WPP), which is a target for actual results to lie between 98% – 100% of the budget. The actual realized expenditures of \$63,038,891 are 99.9% of the budget – well within the WPP target window.

Realized expense performances by function were higher than budget in Instructional Delivery (\$504,741 - 1.4% above budget), and Student Supports (\$214,376 - 5.0% above budget), but generally under budget in Support Services – particularly seen in the combined total of School Administration and Central Education Support functions (\$388,930 - 4.0% below budget) as there were some classification issues between the two lines, Facility Operations (\$325,812 - 3.4% below budget), and Instructional Staff Supports (\$62,302 - 1.7% below budget).

**EL PASO COUNTY SCHOOL DISTRICT 38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**



Capital Asset and Debt Administration

Capital Assets. The District’s investment in capital assets for its governmental activities as of June 30, 2025 amounted to \$102,436,864 (net of accumulated depreciation of \$81,946,162). This investment in capital assets includes land, buildings, improvements, machinery and equipment. This is a noticeable increase of \$8,117,411 from June 30, 2024 total balances driven by the Career & Innovation Center acquisition.

Table 10 – Capital Asset Summary

CAPITAL ASSETS	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Non-Depreciable Assets				H/(L)
Land, Site Improvements and C.I.P.	\$ 12,734,709	\$ 9,424,940	\$ 3,309,769	35.1%
Depreciable Assets				
Buildings and Improvements	158,684,296	151,617,068	7,067,228	4.7%
Transportation and Equipment	12,964,021	11,066,804	1,897,217	17.1%
less: Accumulated Depreciation	<u>(81,946,162)</u>	<u>(77,789,359)</u>	<u>(4,156,803)</u>	<u>5.3%</u>
Net Asset Value	<u>\$102,436,864</u>	<u>\$ 94,319,453</u>	<u>\$ 8,117,411</u>	<u>8.6%</u>

Additional information on the District’s capital assets can be found in Note 5 of this report.

Long Term Debt. At the end of the 2024-2025 fiscal year, the District had total long-term debt outstanding of \$39,003,104 including \$4,744,435 due within the next twelve months. As of June 30, 2025, the District’s total long-term debt was 4.2% of the assessed valuation of \$ 931,531,930.

GOVERNMENTAL ACTIVITIES	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
(Excludes PERA-related items)				H/(L)
General Obligation Bonds	\$ 22,683,367	\$ 28,908,075	\$ (6,224,708)	(21.5%)
Financed Purchases	11,196,455	7,184,459	4,011,996	55.8%
2005 era Service Bonus	-	25,518	(25,518)	(100.0%)
Accrued Compensated Absences (restated)	<u>5,123,282</u>	<u>6,533,411</u>	<u>(1,410,129)</u>	<u>(21.6%)</u>
Total Long-Term Debt	<u>\$ 39,003,104</u>	<u>\$ 42,651,463</u>	<u>\$ (3,648,359)</u>	<u>(8.6%)</u>

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

Please refer to Note 6 for additional details concerning the District’s debt.

**EL PASO COUNTY SCHOOL DISTRICT 38 – LEWIS-PALMER
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**



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

- The District’s enrollment has been relatively flat for many years. Slight increases in one year are often countered by slight decreases in other years. Across the grade levels, the district shows consistent growth as a cohort matriculates through the elementary years (up through grade 6) where it flattens out for the secondary years. For the 2024-2025 school year, total enrollment decreased by 16 students (-0.2%) when compared to the 2023-2024 school year. There is some thought, however, that there could be a growth trend in the coming years as both single family and multi-unit residential new construction will be increasing in the near future.
- The State of Colorado administers cost-sharing multiple-employer pension and health care trusts for public employees (Colorado PERA). The District is a member as detailed in Notes 7 and 7 of this document. In 2018, the State enacted legislation designed to fully fund the School Division of the trust over the next 30 years. The liabilities related to this plan have historically increased benefit costs for the District. This trend is projected to continue.
- Experts continue to indicate that the State of Colorado has a structural imbalance in its revenue and related funding needs. Increased costs in Medicaid and constitutional school funding requirements are predicted to outstrip revenues materially over the next decade. The Board of Education continues to review the situation and plan toward this as one of many possibilities.
- The District’s Net Assessed Valuation increased 1.7% from \$916,053,740 in the 2023 tax year to \$931,531,930 in 2024. This increase represents a ‘off-year adjustment as opposed to the full biennial revaluation process that happens every odd-numbered year. The 2025 tax year, as a ‘biennial revaluation’ will see typically moderate increases around 15%.
- The District continues to rank in the top performing school districts in the State based upon State standardized tests, ranking in the top 10% of all school districts in Colorado.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government Governmental Activities	Component Unit Charter School
ASSETS		
Cash and investments	\$ 17,900,828	\$ 6,663,140
Restricted cash and investments	6,394,168	2,738,044
Taxes receivable	1,477,338	-
Grants receivable	498,024	-
Other receivables	2,016	15,459
Inventories and prepaid items	186,872	-
Capital assets, not being depreciated	12,734,709	2,265,187
Capital assets, net of accumulated depreciation/amortization	89,702,155	28,525,410
Total assets	<u>128,896,110</u>	<u>40,207,240</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	400,062	1,149,071
Deferred pension outflows	19,833,709	3,169,268
Deferred OPEB outflows	274,639	87,630
Total deferred outflows of resources	<u>20,508,410</u>	<u>4,405,969</u>
LIABILITIES		
Accounts payable and other current liabilities	1,093,298	92,000
Accrued salaries and benefits	3,256,122	428,374
Unearned revenue	1,801,845	35,159
Accrued interest payable	27,753	261,219
Long-term liabilities:		
Due within one year	4,744,435	28,415,957
Due in more than one year	34,258,669	11,180,872
Net pension liability	91,342,372	14,888,042
Net OPEB liability	1,620,665	264,156
Total liabilities	<u>138,145,159</u>	<u>55,565,779</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	6,789,267	514,679
Deferred OPEB inflows	987,924	142,705
Total deferred inflows of resources	<u>7,777,191</u>	<u>657,384</u>
NET POSITION		
Net investment in capital assets	68,957,105	(6,670,856)
Restricted for:		
Emergency reserve (TABOR)	2,410,000	510,000
Debt service	6,950,197	2,478,624
Food service operations	872,497	-
Preschool activities	-	1,878
Pupil activities	-	131,705
Unrestricted	<u>(75,707,629)</u>	<u>(8,061,305)</u>
Total net position	<u>\$ 3,482,170</u>	<u>\$ (11,609,954)</u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

<u>Functions/Programs</u>	<u>Program Revenue</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	<u>Component Unit</u>
Primary government						
Governmental activities						
Instruction	\$ 43,444,060	\$ 1,159,546	\$ 10,070,009	\$ 427,727	\$ (31,786,778)	\$ -
Supporting services	31,672,686	352,512	999,212	-	(30,320,962)	
Food service operations	2,780,916	859,133	1,612,135	-	(309,648)	
Community services	97,108	-	-	-	(97,108)	
Facilities acquisition	331,614	-	101,331	-	(230,283)	
Interest and other fiscal charges	670,519	-	-	-	(670,519)	
Total primary government	<u>\$ 78,996,903</u>	<u>\$ 2,371,191</u>	<u>\$ 12,782,687</u>	<u>\$ 427,727</u>	<u>(63,415,298)</u>	
Component unit						
Charter school	<u>\$ 18,341,237</u>	<u>\$ 3,720,884</u>	<u>\$ 505,811</u>	<u>\$ 427,726</u>		<u>(13,686,816)</u>
General revenues:						
Property taxes					34,169,000	-
Specific ownership taxes					3,326,077	-
State equalization					28,698,097	-
Per pupil revenue					-	11,900,201
District Mill Levy					-	702,196
Grants and contributions not restricted to specific programs					28,859	1,647,992
Unrestricted investment earnings					811,391	324,302
Gain on asset disposal					19,481	-
Miscellaneous					190,417	73,291
Special items:						
ERTC tax credits					-	2,241,340
Total general revenues and special items					<u>67,243,322</u>	<u>16,889,322</u>
Change in net position					3,828,024	3,202,506
Net position - beginning, (deficit), as restated					<u>(345,854)</u>	<u>(14,812,460)</u>
Net position - ending (deficit)					<u>\$ 3,482,170</u>	<u>\$ (11,609,954)</u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Designated - Purpose Grants Fund	Bond Redemption Fund	Building Reserve Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 13,085,237	\$ -	\$ -	\$ -	\$ 4,798,587	\$ 17,883,824
Restricted cash and investments	-	-	6,394,168	-	-	6,394,168
Taxes receivable	1,280,986	-	196,352	-	-	1,477,338
Grants receivable	19,185	368,656	-	-	110,183	498,024
Other receivables	2,016	-	-	-	-	2,016
Due from other funds	2,131,138	1,179,301	424,317	1,021,592	86,463	4,842,811
Inventories and prepaid items	138,583	-	-	-	48,289	186,872
Total assets	\$ 16,657,145	\$ 1,547,957	\$ 7,014,837	\$ 1,021,592	\$ 5,043,522	\$ 31,285,053
LIABILITIES						
Accounts payable and other current liabilities	\$ 54,888	\$ -	\$ -	\$ 1,021,592	\$ 16,083	\$ 1,092,563
Accrued salaries and benefits	2,951,384	170,865	-	-	133,873	3,256,122
Due to other funds	2,711,672	372,888	-	-	1,743,791	4,828,351
Compensated absences	41,598	-	-	-	-	41,598
Unearned revenue	717,407	1,004,204	-	-	80,233	1,801,844
Total liabilities	6,476,949	1,547,957	-	1,021,592	1,973,980	11,020,478
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	333,685	-	64,640	-	-	398,325
Total deferred inflows of resources	333,685	-	64,640	-	-	398,325
FUND BALANCES						
Nonspendable for:						
Inventories and prepaid expenses	138,583	-	-	-	48,289	186,872
Restricted for:						
Emergency reserve (TABOR)	2,410,000	-	-	-	-	2,410,000
Debt service	-	-	6,950,197	-	-	6,950,197
Food service operations	-	-	-	-	872,497	872,497
Committed for:						
Pupil activities	-	-	-	-	2,145,549	2,145,549
Transportation	-	-	-	-	3,207	3,207
Assigned for:						
Subsequent year budget	35,000	-	-	-	-	35,000
Capital projects	157,397	-	-	-	-	157,397
Unassigned	7,105,531	-	-	-	-	7,105,531
Total fund balances	9,846,511	-	6,950,197	-	3,069,542	19,866,250
Total liabilities, deferred inflows and fund balances	\$ 16,657,145	\$ 1,547,957	\$ 7,014,837	\$ 1,021,592	\$ 5,043,522	\$ 31,285,053

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

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2025

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

Total fund balance - governmental funds	\$	19,866,250	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, not being depreciated	\$	12,734,709	
Capital assets, net of depreciation/amortization		<u>89,702,155</u>	102,436,864
Property tax receivable is not available to pay current period expenditures and, therefore, is not reported in the funds.			
			398,325
Internal service funds are used by the District's management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included with governmental activities in the statement of net position.			
			1,809
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:			
Deferred charges on refunding	\$	400,062	
Net pension liabilities		(91,342,372)	
Pension outflows		19,833,709	
Pension inflows		(6,789,267)	
Net OPEB liabilities		(1,620,665)	
OPEB outflows		274,639	
OPEB inflows		(987,924)	
Accrued interest		(27,753)	
Compensated absences		(5,081,685)	
Leases		(11,196,455)	
Unamortized premiums		(628,367)	
General obligation bond		<u>(22,055,000)</u>	<u>(119,221,078)</u>
Net position of governmental activities in the statement of net position	\$		<u><u>3,482,170</u></u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>General Fund</u>	<u>Designated - Purpose Grants Fund</u>	<u>Bond Redemption Fund</u>	<u>Building Reserve Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Local sources	\$ 33,886,817	\$ 69,258	\$ 5,705,537	\$ 275,873	\$ 4,685,211	\$ 44,622,696
State sources	32,512,939	1,199,242	-	-	1,655,010	35,367,191
Federal sources	28,859	2,110,123	-	-	528,969	2,667,951
	<u>66,428,615</u>	<u>3,378,623</u>	<u>5,705,537</u>	<u>275,873</u>	<u>6,869,190</u>	<u>83,586,131</u>
Total revenues						
EXPENDITURES						
Instruction	36,186,350	1,496,897	-	-	3,300,875	40,984,122
Supporting services	26,672,844	1,837,781	-	-	3,673,090	32,183,715
Food service operations	-	1,980	-	-	2,786,866	2,788,846
Community services	96,646	-	-	-	-	96,646
Facilities acquisition and construction	21,622	41,965	-	8,835,384	2,692,389	11,591,360
Debt service	778,304	-	6,352,236	1,200,000	-	8,330,540
	<u>63,755,766</u>	<u>3,378,623</u>	<u>6,352,236</u>	<u>10,035,384</u>	<u>12,453,220</u>	<u>95,975,229</u>
Total expenditures						
Excess (deficiency) of revenues over expenditures	<u>2,672,849</u>	<u>-</u>	<u>(646,699)</u>	<u>(9,759,511)</u>	<u>(5,584,030)</u>	<u>(12,389,098)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	1,882,120	4,792,350	6,674,470
Transfers out	(6,688,529)	-	-	-	-	(6,688,529)
Other long-term debt proceeds	-	-	-	5,700,000	-	5,700,000
	<u>(6,688,529)</u>	<u>-</u>	<u>-</u>	<u>7,582,120</u>	<u>4,792,350</u>	<u>5,685,941</u>
Total other financing sources (uses)						
Net change in fund balances	(4,015,680)	-	(646,699)	(2,177,391)	(791,680)	(7,631,450)
Fund balances - beginning	<u>13,862,191</u>	<u>-</u>	<u>7,596,896</u>	<u>2,177,391</u>	<u>3,861,222</u>	<u>27,497,700</u>
Fund balances - ending	<u>\$ 9,846,511</u>	<u>\$ -</u>	<u>\$ 6,950,197</u>	<u>\$ -</u>	<u>\$ 3,069,542</u>	<u>\$ 19,866,250</u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
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, 2025

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

Net change in fund balances - total governmental funds:		\$ (7,631,450)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlays	\$ 12,323,014	
Depreciation/amortization	<u>(4,225,084)</u>	8,097,930
<p>In the statement of activities, the disposition of capital assets generates a gain or loss and is reported as such. The gain or loss on disposition is not a current financial resource or use and, thus, is not reported in the funds.</p>		
		19,481
<p>Governmental funds do not present property tax revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.</p>		
		25,884
<p>Internal service funds are used by the District to charge the cost of certain activities to individual funds. The net revenue of the internal service funds are reported with governmental activities.</p>		
		1,809
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Repayment of principal	\$ 5,765,000	
Financed purchases principal payments	1,688,004	
Issuance of financed purchase	<u>(5,700,000)</u>	1,753,004
<p>Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts incurred during the year.</p>		
		1,451,726
<p>Certain pension and OPEB 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.</p>		
Interest expense	\$ 24,797	
Amortization of debt premiums and deferred amounts on refunding	182,220	
Service bonus payments	25,518	
Changes in pension related items	(754,595)	
Changes in OPEB related items	<u>631,700</u>	<u>109,640</u>
Change in net position of governmental activities		<u><u>\$ 3,828,024</u></u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 17,004
Total assets	17,004
LIABILITIES	
Current liabilities	
Accounts payable	735
Due to other funds	14,460
Total liabilities	15,195
NET POSITION	
Unrestricted	1,809
Total net position	\$ 1,809

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

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Miscellaneous local revenue	\$ 53,171
Total operating revenues	53,171
OPERATING EXPENSES	
Purchased services	1,346
Supplies	64,212
Total operating expenses	65,558
Operating income (loss)	(12,387)
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	137
Total non-operating revenue (expenses)	137
Income (loss) before transfers	(12,250)
Transfers in (out)	14,059
Change in net position	1,809
Net position - beginning	-
Net position - ending	\$ 1,809

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

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	\$ 53,171
Cash payments to suppliers	(64,823)
Payments to other funds for services provided	14,460
Net cash provided (used) by operating activities	2,808
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in (out)	14,059
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	137
Net increase (decrease) in cash and cash equivalents	17,004
Cash and cash equivalents - beginning	-
Cash and cash equivalents - ending	\$ 17,004
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (12,387)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in:	
Due from other funds	-
Increase (decrease) in:	
Accounts payable	735
Due to other funds	14,460
Total adjustments	15,195
Net cash provided (used) by operating activities	\$ 2,808

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

NOTES TO FINANCIAL STATEMENTS

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of El Paso County School District No. 38 - Lewis-Palmer (the District) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

El Paso County School District No. 38 was organized in 1948 from a merger between Lewis School District No. 5 and Palmer Lake School District No. 33. The District provides education services to the residents in the northwest section of El Paso County. It is governed by a five member Board of Education, which is the policy-making body of the District.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government.

Discretely Presented Component Unit. The District's Board of Education has authorized one charter school for operation, Monument (MA). The charter school is fiscally dependent on the District since the District provides the majority of support to the school in the form of per pupil revenue. Also, the potential exists that their exclusion from the District's reporting entity would cause the District's statements to be misleading or incomplete.

Separately issued financial statements for the charter school may be obtained by writing to the following:

Monument Academy West Campus
1150 Village Ridge Point
Monument, Colorado 80132

Monument Academy East Campus
4303 Pinehurst Circle
Colorado Springs, Colorado 80908

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Any fiduciary activities are reported only in the fund financial statements. *Governmental activities* are supported by taxes and intergovernmental revenues. The *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to students or other service users 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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for interfund services provided and used, the elimination of which would distort the direct costs and program revenues reported for the various functions.

The emphasis of fund financial statements is on major funds. Major individual funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

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

The *Designated Purpose Grants Fund* is used to record financial transactions for grants received for designated programs funded by federal, state or local governments.

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

The *Building Reserve Fund* accounts for financial resources that are used for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Additionally, the District reports the following fund types:

Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes.

The *Food Service Fund* accounts for transactions related to food service operations. It also accounts for USDA school breakfast/lunch money.

The *Pupil Activity Fund* accounts for financial transactions related to school sponsored pupil intra-scholastic and interscholastic athletic and other related activities.

The *Transportation Fund* is used to account for the revenues and expenditures for providing transportation to the students of the District.

Capital Project Funds account for the proceeds, construction and acquisition of capital assets.

The *Capital Reserve Fund* is used to account for all resources available for acquiring capital sites, buildings, and equipment.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 the 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 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 period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, interest, and charges for services 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. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/
FUND BALANCE*

Cash and cash equivalents

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash account is available to meet current operating requirements. Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are reported at net asset value.

Receivables

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

Inventories and prepaid items

Inventories are recorded as expenditures/expenses when consumed rather than when purchased. General warehouse inventory is valued at cost using the first-in/first-out (FIFO) method. Food Service inventory is stated at cost using the weighted average method except for commodities. USDA donated food commodities are valued at estimated acquisition value at the date of receipt.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets

Capital assets include tangible and intangible assets that are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for lease assets, are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For lease assets, only those intangible lease assets that cost more than \$50,000 are reported as capital assets.

As the District constructs or acquires capital assets each period they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1 D. *Leases* below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings & improvements	20-50 years
Site improvements	20 years
Transportation equipment	10 years
Other equipment	3-15 years

Accrued Salaries and Benefits

Salaries and benefits of teachers and other contracted personnel are paid over a twelve-month period, but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid, are reported as a liability in the respective funds and have been fully funded as of the fiscal year end.

Unearned Revenue

Unearned revenue includes resources received by the District before the related revenue can be recognized because the earnings process is not complete.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

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

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Lessee: The District, when applicable, recognizes a lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Long-term liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

El Paso County School District No. 38 - Lewis-Palmer 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 (FNP) and additions to/deductions from the FNP 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.

OPEB

El Paso County School District No. 38 - Lewis-Palmer 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 (FNP) and additions to/deductions from the FNP 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.

Net position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal resolution of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

E. REVENUES AND EXPENDITURES/EXPENSES

Property Taxes

Property taxes for the current year are certified in arrears to the County by December 15, and attach as an enforceable lien on property the following January 1. Property taxes are payable in full by April 30, or are payable in two equal installments due February 28 and June 15. The County Treasurer bills and collects the District’s property tax. District property tax revenues are recognized when levied to the extent they result in current receivables.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The tax rate for the year ended December 31, 2024 is 27.069 mills for general operating expenses, 4.294 mills for mill levy override, and 6.137 mills for the payment of long-term debt. The District's assessed valuation for the collection year 2025 is \$931,531,930, which is the assessed valuation net of tax increment financing.

Specific Ownership Taxes

Specific ownership taxes are collected by the county for motor vehicle and other personal property registered in the District's assessment area. The tax receipts collected by the county are remitted to the District in the subsequent month and are considered unrestricted intergovernmental revenues. Specific ownership taxes are recorded as revenue when collected by the county.

Compensated Absences

The District recognizes a liability for compensated absences in accordance with the provisions of GASB Statement No. 101, Compensated Absences. Under this standard, a liability is reported for leave that is attributable to services already rendered, is to be used for time off, and is more likely than not to be used for time off or otherwise paid.

Vacation leave that meets these criteria is accrued when earned in the government-wide financial statements. Sick leave is accrued only to the extent that it is reasonably expected to be paid upon separation or used in future periods. The amount reported as a liability is based on the pay rates in effect at the end of the reporting period and includes applicable salary-related payments.

In the governmental fund financial statements, compensated absences are recognized as expenditures only when due.

F. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are required by State law for all funds, except fiduciary funds. The Superintendent submits a proposed budget to the Board of Education for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. It also includes a statement describing the major objectives of the educational program to be undertaken by the District and the manner in which the budget proposes to fulfill such objectives. Public hearings are conducted by the Board of Education to obtain public comments.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

On or before June 30, the budget is adopted by formal resolution. After the adoption of the budget, the board may review and change the budget at any time prior to January 31 of the fiscal year for which the budget was adopted. After January 31, the board may not review or change the budget except where money for a specific purpose from other than ad valorem taxes becomes available which could not have been reasonable foreseen at the time of the adoption of the budget. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between line items within any fund rests with the Superintendent. Revisions that alter the total expenditures in any fund must be approved by the Board of Education.

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances as established by the Board of Education.

Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). GAAP-basis accounting requires that expenditures of salaries and related benefits be recorded in the fiscal year earned. Thus, the District budgets for all accrued salaries and related benefits earned but unpaid at June 30. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Superintendent and/or Board of Education throughout the year. All appropriations lapse at the end of each fiscal year.

Excess of Expenditures over Appropriations

For the year ended June 30, 2025, expenditures exceeded appropriations in the General Fund, Transportation Fund, and Building Reserve Fund by \$1,712,633, \$181,077 and \$641,531, respectively. These over-expenditures were funded by available beginning fund balance.

NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2025 is as follows:

Deposits	\$ 7,324,242
Investments	<u>16,970,754</u>
Total	<u>\$ 24,294,996</u>

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

Cash and investments	\$ 17,900,828
Restricted cash and investments	<u>6,394,168</u>
Total	<u>\$ 24,294,996</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Cash deposits with financial institutions

Custodial Credit Risk—deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the District’s deposits at June 30, 2025 was \$7,324,242 and the bank balances were \$8,659,046. Of the bank balances, \$502,435 were covered by federal deposit insurance, and the remaining balance was uninsured but collateralized in accordance with the provisions of the PDPA.

Investments

The District is authorized by Colorado statutes to invest in the following:

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

At June 30, 2025 the District’s investment balances were as follows:

<u>Investment Type</u>	<u>Year-end Balance</u>	<u>Measurement</u>	<u>Maturity</u>	<u>Standard & Poor’s Rating</u>
ColoTrust	\$ 15,796,213	Net asset value	Less than 90 days	AAAm
CSIP	<u>1,174,541</u>	Net asset value	Less than 90 days	AAAm
	<u>\$ 16,970,754</u>			

Local Government Investment Pools. The Colorado Local Government Liquid Asset Trust (ColoTrust) and Colorado Statewide Investment Program (CSIP), are investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the pools, which operate in conformity with the Securities and Exchange Commission’s Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended, which includes the maintenance of each share equal in value to \$1.00. Investments are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodians’ internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to interest rate risk, the District has a board approved investment policy that limits investment maturities to five years or less. Colorado revised statute 24-75-601 also limits investment maturities to five years or less.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and District policy limit investments to those described above.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District places no limit on the amount it may invest in any one issuer. More than 20 percent of the District's investments are in ColoTrust. These investments are 93.08% of the District's total investments.

In accordance with state law, the District has designated UMB as the third party custodian for the bond redemption fund. Funds held at June 30, 2025 total \$6,394,168 and are included with the Money Market investments above.

Fair value of investments. The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs reflect prices quoted in active markets.
- Level 2 inputs reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 inputs reflect prices based upon unobservable sources.

All of the District's investments that are measured at fair market value are categorized as Level 2 investments. District investments measured at net asset value or amortized cost fall under the existing exemptions to fair value measurement.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and Payables

Interfund receivables and payables are created in conjunction with the District’s pooled cash and investment portfolios. Balances are routinely cleared as a matter of practice.

The composition of interfund balances as of June 30, 2025, is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 2,131,138	\$ 2,711,672
Governmental Designated Purpose Grants Fund	1,179,301	372,888
Bond Redemption Fund	424,317	-
Building Reserve Fund	1,021,592	-
Nonmajor Funds	86,463	1,743,791
Proprietary Fund	<u>-</u>	<u>14,460</u>
Total	<u>\$ 4,842,811</u>	<u>\$ 4,842,811</u>

Interfund transfers

The composition of interfund transfers for the year ended June 30, 2025, is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ -	\$ 6,688,529
Building Reserve Fund	1,882,120	-
Nonmajor Funds	4,792,350	-
Proprietary Fund	<u>14,059</u>	<u>-</u>
Total	<u>\$ 6,688,529</u>	<u>\$ 6,688,529</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental activities</i>				
Capital assets not being depreciated:				
Land	\$ 9,229,830	\$ -	\$ -	\$ 9,229,830
Construction in progress	113,573	4,074,830	(765,061)	3,423,342
Site improvements	<u>81,537</u>	<u>-</u>	<u>-</u>	<u>81,537</u>
Total capital assets not being depreciated	<u>9,424,940</u>	<u>4,074,830</u>	<u>(765,061)</u>	<u>12,734,709</u>
Capital assets being depreciated:				
Buildings and improvements	144,145,366	7,067,228	-	151,212,594
Site improvements	7,471,702	-	-	7,471,702
Transportation equipment	5,556,840	349,461	(35,000)	5,871,301
Other equipment	<u>5,509,964</u>	<u>1,596,556</u>	<u>(13,800)</u>	<u>7,092,720</u>
Total capital assets being depreciated	<u>162,683,872</u>	<u>9,013,245</u>	<u>(48,800)</u>	<u>171,648,317</u>
Less accumulated depreciation for:				
Buildings and improvements	(67,621,326)	(3,162,485)	-	(70,783,811)
Site improvements	(2,830,734)	(352,361)	-	(3,183,095)
Transportation equipment	(4,343,998)	(246,345)	35,000	(4,555,343)
Other equipment	<u>(2,993,301)</u>	<u>(463,893)</u>	<u>33,281</u>	<u>(3,423,913)</u>
Total accumulated depreciation	<u>(77,789,359)</u>	<u>(4,225,084)</u>	<u>68,281</u>	<u>(81,946,162)</u>
Total capital assets being depreciated, net	<u>84,894,513</u>	<u>4,788,161</u>	<u>19,481</u>	<u>89,702,155</u>
Capital assets, net of accumulated depreciation/amortization	<u>84,894,513</u>	<u>4,788,161</u>	<u>19,481</u>	<u>89,702,155</u>
Total governmental activities capital assets	<u>\$ 94,319,453</u>	<u>\$ 8,862,991</u>	<u>\$ (745,580)</u>	<u>\$ 102,436,864</u>

Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Governmental Activities

Instruction	\$ 3,565,028
Supporting services	<u>660,056</u>
Total depreciation/amortization expense	<u>\$ 4,225,084</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 – LONG-TERM LIABILITIES

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

General Obligation bonds outstanding at June 30, 2025 are as follows:

	<u>Original Borrowing</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding at Year-end</u>
<i>Governmental Activities</i>				
G.O. Refunding Bonds 2012A	\$ 29,035,000	2.00% - 5.00%	2026	\$ 3,800,000
G.O. Refunding Bonds 2020	19,415,000	2.00% - 5.00%	2030	<u>18,255,000</u>
Total				<u>\$ 22,055,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 4,120,000	\$ 333,034
2027	4,405,000	214,341
2028	4,455,000	164,877
2029	4,505,000	104,724
2030	<u>4,570,000</u>	<u>35,829</u>
Total	<u>\$22,055,000</u>	<u>\$ 852,805</u>

Legal Debt Margin

Assessed valuation	<u>\$ 931,531,930</u>
Debt limit – 20% of assessed valuation	186,306,386
General obligation debt	<u>(22,055,000)</u>
	<u>\$ 164,251,386</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

Financed Purchases

On June 24, 2021, the District entered into a financed purchase in the amount of \$7,422,212 for energy efficient improvements within the District. Principal payments are due annually on July 1, through 2042. With interest accruing at a rate of 2.497%.

On January 3, 2025, the District entered into a financed purchase in the amount of \$5,750,000 for the acquisition of the Jabil, Inc building for the Careers and Innovation Center. Principal and interest payments are due monthly through December 28, 2034. With interest accruing at a rate of 5.00%.

Annual principal and interest payments to maturity for financed purchases are as follows:

Fiscal Year <u>Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 582,837	\$ 379,527
2027	620,945	355,419
2028	625,560	415,905
2029	673,622	380,843
2030	726,393	343,071
2031 - 2035	4,222,540	1,043,356
2036 - 2040	2,524,305	348,748
2041 - 2042	<u>1,220,253</u>	<u>46,004</u>
Total	<u>\$ 11,196,455</u>	<u>\$ 3,312,873</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

Changes in Long-Term Liabilities

Changes in the District’s long-term liabilities for the year ended June 30, 2025, are as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One year
<i>Governmental Activities</i>					
General obligation bonds	\$ 27,820,000	\$ -	\$ (5,765,000)	\$ 22,055,000	\$ 4,120,000
Premiums	1,088,075	-	(459,708)	628,367	-
Total loan payable	<u>28,908,075</u>	<u>-</u>	<u>(6,224,708)</u>	<u>22,683,367</u>	<u>4,120,000</u>
Financed purchases	7,184,459	5,700,000	(1,688,004)	11,196,455	582,837
Service bonus	25,518	-	(25,518)	-	-
Compensated absences	6,533,411	-	(1,410,129)	5,123,282	41,598
Net pension liability	102,314,991	2,103,262	(13,075,881)	91,342,372	-
Net OPEB liability	<u>2,470,485</u>	<u>166,028</u>	<u>(1,015,848)</u>	<u>1,620,665</u>	<u>-</u>
<i>Total Governmental Activities</i>	<u>\$147,436,939</u>	<u>\$ 7,969,290</u>	<u>\$(23,440,088)</u>	<u>\$131,966,141</u>	<u>\$ 4,744,435</u>

The change in the compensated absences liability is presented as a net change.

General obligation bonds are liquidated in the debt service fund. Financed purchases are liquidated in the Capital Reserve Fund. Approximately 90% of compensated absences, net pension liabilities, and net OPEB liabilities are normally liquidated in the general fund, with remaining amounts liquidated in other governmental funds.

NOTE 7 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the El Paso County School District No. 38 - Lewis-Palmer 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Benefits provided as of December 31, 2024. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP.

Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions provisions as of June 30, 2025: Eligible employees of, El Paso County School District No. 38 - Lewis-Palmer 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 11.00% of their PERA-includable salary during the period of July 1, 2024 through June 30, 2025. Employer contribution requirements are summarized in the table below:

	July 1, 2024 Through June 30, 2025
Employer contribution rate	11.40%
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	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the El Paso County School District No. 38 - Lewis-Palmer is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from El Paso County School District No. 38 - Lewis-Palmer were \$8,689,161 for the year ended June 30, 2025.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million direct distribution each year to PERA starting on July 1, 2018. For 2024, 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.

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, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024. The El Paso County School District No. 38 - Lewis-Palmer proportion of the net pension liability was based on El Paso County School District No. 38 - Lewis-Palmer contributions to the SCHDTF for the calendar year 2024 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2025, the El Paso County School District No. 38 - Lewis-Palmer reported a liability of \$91,342,372 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the El Paso County School District No. 38 - Lewis-Palmer 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. 38 - Lewis-Palmer were as follows:

El Paso County School District No. 38 - Lewis-Palmer proportionate share of the net pension liability	\$ 91,342,372
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the El Paso County School District No. 38 - Lewis-Palmer	8,203,995
Total	\$ 99,546,367

At December 31, 2024, the El Paso County School District No. 38 - Lewis-Palmer proportion was 0.5293706538%, which was a decrease of 0.0492220568% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the El Paso County School District No. 38 - Lewis-Palmer recognized pension expense of \$9,443,756 and revenue of \$865,177 for support from the State as a nonemployer contributing entity. At June 30, 2025, the El Paso County School District No. 38 - Lewis-Palmer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 5,172,581	\$ -
Changes of assumptions or other inputs	684,804	-
Net difference between projected and actual earnings on pension plan investments	1,723,377	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,844,027	6,789,267
Contributions subsequent to the measurement date	4,408,920	N/A
Total	<u>\$ 19,833,709</u>	<u>\$ 6,789,267</u>

\$4,408,920 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, 2026. 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:	
2026	\$ 7,192,299
2027	6,148,654
2028	(3,476,322)
2029	(1,229,109)
2030	-
Thereafter	-

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions. The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% – 11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	99% of the rates for all ages

The actuarial assumptions used in the December 31, 2023, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA’s Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Salary increases, including wage inflation: 4.00%-13.40%

Salary scale assumptions were altered to better reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

Note: 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 nominal rate of return assumption of 7.25%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- 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 required adjustments resulting from the 2018 and 2020 AAP assessments. 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 required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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 FNP, 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 FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the El Paso County School District No. 38 - Lewis-Palmer proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 123,839,086	\$ 91,342,372	\$ 64,121,831

Pension plan fiduciary net position. Detailed information about the SCHDTF’s FNP is available in PERA’s ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
2024 Changes in Plan Provision Since 2023

- There were no changes made to the plan provisions.

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information
2024 Changes in Assumptions or Other Inputs Since 2023

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

Subsequent Events

- SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million (actual dollars) on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

Plan description. Eligible employees of the El Paso County School District No. 38 - Lewis-Palmer 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, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

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. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Enrollment in the PERACare health benefits program 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 maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

DPS Benefit Structure

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

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% 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. 38 - Lewis-Palmer is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from El Paso County School District No. 38 - Lewis-Palmer were \$434,892 for the year ended June 30, 2025.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

At June 30, 2025, the El Paso County School District No. 38 - Lewis-Palmer reported a liability of \$1,620,665 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The El Paso County School District No. 38 - Lewis-Palmer proportion of the net OPEB liability was based on El Paso County School District No. 38 - Lewis-Palmer contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the El Paso County School District No. 38 - Lewis-Palmer proportion was 0.3389327936%, which was a decrease of 0.0072062799% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the El Paso County School District No. 38 - Lewis-Palmer recognized OPEB expense of \$(196,819). At June 30, 2025, the El Paso County School District No. 38 - Lewis-Palmer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 357,486
Changes of assumptions or other inputs	18,584	518,045
Net difference between projected and actual earnings on OPEB plan investments	5,494	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	29,892	112,393
Contributions subsequent to the measurement date	220,669	N/A
Total	<u>\$ 274,639</u>	<u>\$ 987,924</u>

\$220,669 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2026	\$ (268,558)
2027	(166,357)
2028	(222,102)
2029	(132,262)
2030	(92,596)
Thereafter	(52,079)

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Actuarial assumptions. The December 31, 2023 actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2033
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, costs are based on 2024 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors were then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,710	\$1,420	\$585	\$486	\$1,897	\$1,575
70	\$1,921	\$1,589	\$657	\$544	\$2,130	\$1,763
75	\$2,122	\$1,670	\$726	\$571	\$2,353	\$1,853

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,536	\$5,429	\$4,241	\$3,523	\$7,063	\$5,866
70	\$7,341	\$6,073	\$4,764	\$3,941	\$7,933	\$6,563
75	\$8,110	\$6,385	\$5,262	\$4,143	\$8,763	\$6,900

The 2024 Medicare Part A premium is \$505 per month.

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

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

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option. enrollees not eligible for premium-free Medicare Part A.

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the following table:

Year	PERACare Medicare Plans¹	MAPD PPO #21	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

¹ Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Pre-Retirement	Mortality Table	Adjustments, as Applicable
School Division	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
School Division	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages

The following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation 4.00%-13.40%

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

The following health care costs assumptions were used in the roll forward calculation for the HCTF:

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	\$1,824	\$6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
School Division	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
School Division	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board’s actuary.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

Note: 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 nominal rate of return assumption of 7.25%.

Sensitivity of the El Paso County School District No. 38 - Lewis-Palmer proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following table presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate ¹	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate ¹	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 1,577,000	\$ 1,620,665	\$ 1,670,081

¹For the January 1, 2025, plan year.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Discount rate. The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). 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, 2024, 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 3.00%.
- 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.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Based on the above assumptions and methods, the FNP for the HCTF was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Sensitivity of the El Paso County School District No. 38 - Lewis-Palmer proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 1,986,150	\$ 1,620,665	\$ 1,305,573

OPEB plan fiduciary net position. Detailed information about the HCTF’s FNP is available in PERA’s ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
2024 Changes in Plan Provision Since 2023

- As of the December 31, 2024, measurement date, the FNP and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information
2024 Changes in Assumptions or Other Inputs Since 2023

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Grants

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. However, in the opinion of the District, any such adjustments will not have a material adverse effect on the financial position of the District.

NOTE 10 - TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments, including school districts.

The amendment requires emergency reserves to be established. These reserves must be at least 3% of fiscal year spending. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2025 there is a \$2,410,000 reservation of fund balance in the General Fund for the amendment.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

NOTE 11 – COLORADO SCHOOL DISTRICT/BOCES, ELECTRONIC DATA INTEGRITY CHECK FIGURES

The School Finance Act requires inclusion of the Colorado School District/BOCES, Electronic Financial Data Integrity Check Figures as a supplement schedule to the audited financial statements. The Report is based on a prescribed basis of accounting that demonstrates compliance with the financial policies and procedures of the Colorado Department of Education.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 – ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

The District implemented GASB Statement No. 101, *Compensated Absences*, effective July 1, 2024. This statement established specific criteria for identifying activities that should be reported as compensated absences. The effect of the adoption of this new accounting standard is shown in the table below.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	Government-Wide	
	Governmental Activities	
June 30, 2024, as previously reported	\$	3,590,449
<i>Adoption of new accounting standard</i>		
GASB 101 implementation		(3,936,303)
June 30, 2024, as restated	\$	(345,854)

REQUIRED SUPPLEMENTARY INFORMATION

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2025

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.5293706538%	0.5785927106%	0.4499888113%	0.5382735919%	0.5968461766%	0.5462292432%	0.5470445679%	0.6133837715%	0.6067133842%	0.6114576017%
District's proportionate share of the net pension liability (asset)	\$ 91,342,372	\$ 102,314,991	\$ 81,940,555	\$ 62,640,868	\$ 90,231,104	\$ 81,605,464	\$ 96,865,477	\$ 198,346,512	\$ 180,642,036	\$ 93,518,123
State's proportionate share of the net pension liability (asset) associated with the District	8,203,995	2,243,464	23,878,301	7,180,975	-	10,350,615	13,245,009	-	-	-
Total	<u>\$ 99,546,367</u>	<u>\$ 104,558,455</u>	<u>\$ 105,818,856</u>	<u>\$ 69,821,843</u>	<u>\$ 90,231,104</u>	<u>\$ 91,956,079</u>	<u>\$ 110,110,486</u>	<u>\$ 198,346,512</u>	<u>\$ 180,642,036</u>	<u>\$ 93,518,123</u>
District's covered payroll	\$ 40,906,922	\$ 38,250,202	\$ 34,711,441	\$ 33,625,447	\$ 31,925,305	\$ 32,096,829	\$ 30,096,052	\$ 27,835,885	\$ 26,796,166	\$ 26,648,010
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	223.29%	267.49%	236.06%	186.29%	282.63%	254.25%	321.85%	712.56%	674.13%	350.94%
Plan fiduciary net position as a percentage of the total pension liability	67.2%	64.7%	61.8%	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%

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

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 8,689,161	\$ 8,034,990	\$ 7,452,423	\$ 6,967,913	\$ 6,218,419	\$ 6,274,999	\$ 5,984,430	\$ 5,484,505	\$ 4,907,130	\$ 4,766,577
Contributions in relation to the contractually required contribution	<u>(8,689,161)</u>	<u>(8,034,990)</u>	<u>(7,452,423)</u>	<u>(6,967,913)</u>	<u>(6,218,419)</u>	<u>(6,274,999)</u>	<u>(5,984,430)</u>	<u>(5,484,505)</u>	<u>(4,907,130)</u>	<u>(4,766,577)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 42,635,728	\$ 39,425,861	\$ 36,567,337	\$ 35,049,864	\$ 31,279,774	\$ 32,378,736	\$ 31,282,959	\$ 29,049,285	\$ 26,698,205	\$ 26,884,247
Contributions as a percentage of covered payroll	20.38%	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%

* The amounts presented for each fiscal year were determined as of 6/30.

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JUNE 30, 2025**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.3389327936%	0.3461390735%	0.3419517111%	0.3514516312%	0.3452147403%	0.3569652885%	0.3555777545%	0.3485222626%	0.3448630896%
District's proportionate share of the net OPEB liability (asset)	\$ 1,620,665	\$ 2,470,485	\$ 2,791,964	\$ 3,030,585	\$ 3,280,317	\$ 4,012,283	\$ 4,837,785	\$ 4,529,395	\$ 4,471,267
District's covered payroll	\$ 40,906,922	\$ 38,250,202	\$ 34,711,441	\$ 33,625,447	\$ 31,925,305	\$ 32,096,829	\$ 30,096,052	\$ 27,835,885	\$ 26,796,166
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	3.96%	6.46%	8.04%	9.01%	10.27%	12.50%	16.07%	16.27%	16.69%
Plan fiduciary net position as a percentage of the total OPEB liability	59.8%	46.2%	38.6%	39.4%	32.8%	24.5%	17.0%	17.5%	16.7%

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

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

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 434,882	\$ 402,156	\$ 373,032	\$ 357,508	\$ 319,054	\$ 330,263	\$ 319,086	\$ 296,275	\$ 272,303
Contributions in relation to the contractually required contribution	<u>(434,882)</u>	<u>(402,156)</u>	<u>(373,032)</u>	<u>(357,508)</u>	<u>(319,054)</u>	<u>(330,263)</u>	<u>(319,086)</u>	<u>(296,275)</u>	<u>(272,303)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Districts covered payroll	\$ 42,635,728	\$ 39,425,861	\$ 36,567,337	\$ 35,049,864	\$ 31,279,774	\$ 32,378,736	\$ 31,282,959	\$ 29,049,285	\$ 26,698,205
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

* The amounts presented for each fiscal year were determined as of 6/30.

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

See the accompanying independent auditors' report.

GENERAL FUND

This fund is used to account for and report all financial resources not accounted for and reported in another fund. Any lawful expenditure of the School District, including any expenditure of a nature that could be made from any other fund, may be made from the General Fund.

The General Fund is always considered to be a major fund for financial reporting purposes.

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Local sources	\$ 37,143,273	\$ 34,511,861	\$ 33,886,817	\$ (625,044)
State sources	41,351,609	44,069,070	32,512,939	(11,556,131)
Federal sources	35,000	35,000	28,859	(6,141)
Total revenues	<u>78,529,882</u>	<u>78,615,931</u>	<u>66,428,615</u>	<u>(12,187,316)</u>
EXPENDITURES				
Instruction	33,631,540	35,219,154	36,186,350	(967,196)
Supporting services:				
Student services	3,965,407	4,325,959	4,529,697	(203,738)
Instructional staff	3,599,424	3,616,699	3,554,397	62,302
General administration	1,625,009	1,455,804	912,630	543,174
School administration	4,154,281	4,218,128	4,387,877	(169,749)
Business services	1,147,358	1,291,613	1,325,437	(33,824)
Operation and maintenance	9,521,519	9,563,293	8,859,871	703,422
Student transportation	234,488	206,490	92,498	113,992
Central services	3,394,314	3,026,267	3,010,437	15,830
Community services	-	87,962	96,646	(8,684)
Facilities acquisition and construction	-	27,522	21,622	5,900
Debt service	-	-	778,304	(778,304)
Total expenditures	<u>61,273,340</u>	<u>63,038,891</u>	<u>63,755,766</u>	<u>(716,875)</u>
Excess (deficiency) of revenues over expenditures	17,256,542	15,577,040	2,672,849	(12,904,191)
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(17,265,040)</u>	<u>(23,343,723)</u>	<u>(6,688,529)</u>	<u>16,655,194</u>
Net change in fund balance	(8,498)	(7,766,683)	(4,015,680)	3,751,003
Fund balance - beginning	<u>14,613,774</u>	<u>13,862,191</u>	<u>13,862,191</u>	<u>-</u>
Fund balance - ending	<u>\$ 14,605,276</u>	<u>\$ 6,095,508</u>	<u>\$ 9,846,511</u>	<u>\$ 3,751,003</u>

See the accompanying independent auditors' report.

GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND

Used to record financial transactions for grants received for designated programs funded by the federal government.

For financial reporting purposes, the Designated Purpose Grants Fund was determined to be a major fund of the District for the current fiscal year.

**EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final Budget</u>		
REVENUES				
Local sources:	\$ -	\$ 90,930	\$ 69,258	\$ (21,672)
State sources	5,000,000	2,174,034	1,199,242	(974,792)
Federal sources	-	2,736,769	2,110,123	(626,646)
Total revenues	<u>5,000,000</u>	<u>5,001,733</u>	<u>3,378,623</u>	<u>(1,623,110)</u>
EXPENDITURES				
Instruction	-	(3,090,532)	1,496,897	(4,587,429)
Supporting services:				
Student services	-	179,654	269,776	(90,122)
Instructional staff	-	654,766	906,761	(251,995)
General administration	-	-	27,437	(27,437)
School administration	-	-	900	(900)
Business services	5,000,000	6,392,008	506,219	5,885,789
Operation and maintenance	-	204,793	125,288	79,505
Central services	-	-	1,400	(1,400)
Other support services	-	3,585	-	3,585
Food service operations	-	-	1,980	(1,980)
Facilities acquisition and construction	-	655,727	41,965	613,762
Total expenditures	<u>5,000,000</u>	<u>5,000,001</u>	<u>3,378,623</u>	<u>1,621,378</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>1,732</u>	<u>-</u>	<u>(1,732)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,732)	-	1,732
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

BOND REDEMPTION FUND

This fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. This fund's primary revenue sources are local property taxes levied specifically for debt service.

The Bond Redemption Fund is deemed to be a major fund for financial reporting purposes.

**EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
BOND REDEMPTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources:			
Property taxes	\$ 6,353,700	\$ 5,708,637	\$ (645,063)
Other local sources	-	(3,100)	(3,100)
Total revenues	<u>6,353,700</u>	<u>5,705,537</u>	<u>(648,163)</u>
EXPENDITURES			
Debt service	<u>6,353,700</u>	<u>6,352,236</u>	<u>1,464</u>
Total expenditures	<u>6,353,700</u>	<u>6,352,236</u>	<u>1,464</u>
Net change in fund balance	-	(646,699)	(646,699)
Fund balance - beginning	<u>7,328,896</u>	<u>7,596,896</u>	<u>268,000</u>
Fund balance - ending	<u><u>\$ 7,328,896</u></u>	<u><u>\$ 6,950,197</u></u>	<u><u>\$ (378,699)</u></u>

See the accompanying independent auditors' report.

BUILDING RESERVE FUND

This fund is used to account for all resources available for acquiring capital sites, buildings, and equipment.

The Building Reserve Fund is deemed to be a major fund for financial reporting purposes.

**EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
BUILDING RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources	\$ 250,000	\$ 275,873	\$ 25,873
EXPENDITURES			
Facilities acquisition and construction	9,393,853	8,835,384	558,469
Debt service	-	1,200,000	(1,200,000)
Total expenditures	9,393,853	10,035,384	(641,531)
Excess (deficiency) of revenues over expenditures	(9,143,853)	(9,759,511)	(365,658)
OTHER FINANCING SOURCES (USES)			
Transfers in	6,966,462	1,882,120	(5,084,342)
Other long-term debt proceeds	-	5,700,000	5,700,000
Total other financing sources (uses)	6,966,462	7,582,120	615,658
Net change in fund balance	(2,177,391)	(2,177,391)	250,000
Fund balance - beginning	2,177,391	2,177,391	-
Fund balance - ending	\$ -	\$ -	\$ 250,000

See the accompanying independent auditors' report.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are restricted or committed to expenditures for specified purposes. These funds may be required by statute or ordinance and others may be established through resolutions by the Board of Education. The District has the following Special Revenue Funds:

Food Service Fund

This fund accounts for transactions related to food service operations. It also accounts for USDA school breakfast/lunch money.

Pupil Activity Fund

This fund accounts for financial transactions related to school sponsored pupil intrascholastic and interscholastic athletic and other related activities.

Transportation Fund

This fund accounts for the revenues and expenditures for providing transportation to the students of the District.

Capital Reserve Fund

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

EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	Food Service Fund	Pupil Activity Fund	Transportation Fund	Capital Reserve Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and investments	\$ 877,888	\$ 3,920,699	\$ -	\$ -	\$ 4,798,587
Grants receivable	110,183	-	-	-	110,183
Due from other funds	-	-	86,463	-	86,463
Inventories and prepaid expenses	48,289	-	-	-	48,289
Total assets	\$ 1,036,360	\$ 3,920,699	\$ 86,463	\$ -	\$ 5,043,522
LIABILITIES					
Accounts payable and other current liabilities	\$ -	\$ 15,705	\$ 378	\$ -	\$ 16,083
Accrued salaries and benefits	35,341	15,654	82,878	-	133,873
Due to other funds	-	1,743,791	-	-	1,743,791
Unearned revenue	80,233	-	-	-	80,233
Total liabilities	115,574	1,775,150	83,256	-	1,973,980
FUND BALANCES					
Nonspendable for:					
Inventories and prepaid expenses	48,289	-	-	-	48,289
Restricted for:					
Food service operations	872,497	-	-	-	872,497
Committed for:					
Pupil activities	-	2,145,549	-	-	2,145,549
Transportation	-	-	3,207	-	3,207
Total fund balances	920,786	2,145,549	3,207	-	3,069,542
Total liabilities and fund balances	\$ 1,036,360	\$ 3,920,699	\$ 86,463	\$ -	\$ 5,043,522

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025**

	Food Service Fund	Pupil Activity Fund	Transportation Fund	Capital Reserve Fund	Total Nonmajor Governmental Funds
REVENUES					
Local sources	\$ 925,431	\$ 3,401,993	\$ 356,448	\$ 1,339	\$ 4,685,211
State sources	1,083,165	-	571,845	-	1,655,010
Federal sources	528,969	-	-	-	528,969
Total revenues	2,537,565	3,401,993	928,293	1,339	6,869,190
EXPENDITURES					
Instruction	-	3,300,875	-	-	3,300,875
Supporting services	-	101,118	3,244,614	327,358	3,673,090
Food service operations	2,786,866	-	-	-	2,786,866
Facilities acquisition and construction	-	-	-	2,692,389	2,692,389
Total expenditures	2,786,866	3,401,993	3,244,614	3,019,747	12,453,220
Excess (deficiency) of revenues over expenditures	(249,301)	-	(2,316,321)	(3,018,408)	(5,584,030)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	112,541	1,969,624	2,710,185	4,792,350
Total other financing sources (uses)	-	112,541	1,969,624	2,710,185	4,792,350
Net change in fund balances	(249,301)	112,541	(346,697)	(308,223)	(791,680)
Fund balances - beginning	1,170,087	2,033,008	349,904	308,223	3,861,222
Fund balances - ending	<u>\$ 920,786</u>	<u>\$ 2,145,549</u>	<u>\$ 3,207</u>	<u>\$ -</u>	<u>\$ 3,069,542</u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources	\$ 889,500	\$ 925,431	\$ 35,931
State sources	1,963,000	1,083,165	(879,835)
Federal sources	362,500	528,969	166,469
	<u>3,215,000</u>	<u>2,537,565</u>	<u>(677,435)</u>
EXPENDITURES			
Food service operations	3,502,713	2,786,866	715,847
Total expenditures	3,502,713	2,786,866	715,847
Net change in fund balance	(287,713)	(249,301)	38,412
Fund balance - beginning	1,170,087	1,170,087	-
Fund balance - ending	<u>\$ 882,374</u>	<u>\$ 920,786</u>	<u>\$ 38,412</u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
PUPIL ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources	\$ 1,886,745	\$ 3,401,993	\$ 1,515,248
Total revenues	<u>1,886,745</u>	<u>3,401,993</u>	<u>1,515,248</u>
EXPENDITURES			
Instruction	3,968,065	3,300,875	667,190
Supporting services:			
Instructional staff	39,506	49,760	(10,254)
School administration	<u>52,296</u>	<u>51,358</u>	<u>938</u>
Total expenditures	<u>4,059,867</u>	<u>3,401,993</u>	<u>657,874</u>
Excess (deficiency) of revenues over expenditures	(2,173,122)	-	2,173,122
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>183,925</u>	<u>112,541</u>	<u>(71,384)</u>
Net change in fund balance	(1,989,197)	112,541	2,101,738
Fund balance - beginning	<u>1,989,197</u>	<u>2,033,008</u>	<u>43,811</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 2,145,549</u>	<u>\$ 2,145,549</u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources	\$ 400,000	\$ 356,448	\$ (43,552)
State sources	600,000	571,845	(28,155)
Total revenues	<u>1,000,000</u>	<u>928,293</u>	<u>(71,707)</u>
EXPENDITURES			
Supporting services:			
Operation and maintenance	31,343	25,764	5,579
Student transportation	3,032,194	3,218,850	(186,656)
Total expenditures	<u>3,063,537</u>	<u>3,244,614</u>	<u>(181,077)</u>
Excess (deficiency) of revenues over expenditures	(2,063,537)	(2,316,321)	(252,784)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>2,000,703</u>	<u>1,969,624</u>	<u>(31,079)</u>
Net change in fund balance	(62,834)	(346,697)	(283,863)
Fund balance - beginning	<u>349,904</u>	<u>349,904</u>	<u>-</u>
Fund balance - ending	<u>\$ 287,070</u>	<u>\$ 3,207</u>	<u>\$ (283,863)</u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources	\$ -	\$ 1,339	\$ 1,339
Total revenues	<u>-</u>	<u>1,339</u>	<u>1,339</u>
EXPENDITURES			
Supporting services:			
General administration	218,555	-	218,555
Operation and maintenance	-	18,750	(18,750)
Central services	-	308,608	(308,608)
Facilities acquisition and construction	<u>3,089,668</u>	<u>2,692,389</u>	<u>397,279</u>
Total expenditures	<u>3,308,223</u>	<u>3,019,747</u>	<u>288,476</u>
Excess (deficiency) of revenues over expenditures	(3,308,223)	(3,018,408)	289,815
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>3,000,000</u>	<u>2,710,185</u>	<u>(289,815)</u>
Net change in fund balance	(308,223)	(308,223)	-
Fund balance - beginning	<u>308,223</u>	<u>308,223</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

INTERNAL SERVICE FUND

Internal service funds account for operations that provide services to other departments or agencies of the government on a cost-reimbursement basis.

D38 Enterprise Fund

This fund accounts for the Health Insurance Fund risk management activities of the District.

**EL PASO COUNTY SCHOOL DISTRICT NO. 38 - LEWIS-PALMER
D38 ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES			
Refunds & other revenue	\$ 66,000	\$ 53,171	\$ (12,829)
OPERATING EXPENSES			
Purchased medical services & supplies	-	64,212	(64,212)
Purchased management services	66,150	1,346	64,804
Contingency reserve	-	-	-
Total operating expenses	66,150	65,558	592
Operating income (loss)	(150)	(12,387)	(12,237)
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	150	137	(13)
Total non-operating revenue (expenses)	150	137	(13)
Income (loss) before transfers	-	(12,250)	(12,250)
Transfers in (out)	-	14,059	14,059
Change in net position	-	1,809	1,809
Net position - beginning	-	-	-
Net position - ending	\$ -	\$ 1,809	\$ 1,809

See the accompanying independent auditors' report.

STATE COMPLIANCE



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

To the Board of Education
El Paso County School District No. 38 - Lewis-Palmer

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 38 - Lewis-Palmer, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the El Paso County School District No. 38 - Lewis-Palmer's basic financial statements as listed in the table of contents. Our report thereon, dated December 29, 2025, expressed an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso County School District No. 38 - Lewis-Palmer's basic 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 basic financial statements. The 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 *Colorado School District/BOCES, Auditor's Integrity Report* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hoelting & Company, Inc.

Colorado Springs, Colorado
December 29, 2025



Colorado Department of Education

Auditors Integrity Report

District: 1080 - Lewis-Palmer 38

Fiscal Year 2024-25

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	13,831,767	57,667,700	61,652,956	9,846,511
18	Risk Mgmt Sub-Fund of General Fund	30,424	1,140,608	1,171,032	0
19	Colorado Preschool Program Fund	0	931,778	931,778	0
Sub- Total		13,862,191	59,740,086	63,755,766	9,846,511
11	Charter School Fund	3,036,162	18,288,011	15,346,607	5,977,566
20,26-29	Special Revenue Fund	1,760,452	1,215,981	1,371,572	1,604,861
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	1,170,087	2,537,565	2,786,867	920,786
22	Govt Designated-Purpose Grants Fund	0	3,378,623	3,378,623	0
23	Pupil Activity Special Revenue Fund	2,158,808	3,708,841	3,590,396	2,277,254
25	Transportation Fund	349,904	2,897,917	3,244,614	3,207
31	Bond Redemption Fund	7,596,896	5,705,537	6,352,236	6,950,197
39	Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41	Building Fund	3,324,712	9,684,464	11,872,316	1,136,860
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	308,223	2,711,524	3,019,747	0
46	Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals		33,567,434	109,868,549	114,718,743	28,717,240
Proprietary					
50	Other Enterprise Funds	0	0	0	0
64 (63)	Risk-Related Activity Fund	0	0	0	0
60,65-69	Other Internal Service Funds	0	14,196	12,387	1,809
Totals		0	14,196	12,387	1,809
Fiduciary					
70	Other Trust and Agency Funds	0	0	0	0
72	Private Purpose Trust Fund	0	0	0	0
73	Agency Fund	0	0	0	0
74	Pupil Activity Agency Fund	0	0	0	0
79	GASB 34:Permanent Fund	0	0	0	0
85	Foundations	0	0	0	0
Totals		0	0	0	0

FINAL