

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022



EL PASO COUNTY SCHOOL DISTRICT NO. 2-

HARRISON

1060 HARRISON ROAD

COLORADO SPRINGS, COLORADO 80905

(719) 579-2033



INTRODUCTORY SECTION

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

OF

**EL PASO COUNTY SCHOOL DISTRICT NO. 2 –
HARRISON**

For the Fiscal Year Ended June 30, 2022

Prepared By

**Financial Services Department
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Colorado Springs, Colorado 80905
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EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
ANNUAL COMPREHENSIVE FINANCIAL REPORT
JUNE 30, 2022

TABLE OF CONTENTS

INTRODUCTORY SECTION	PAGE
Table of Contents	<i>i</i>
Letter of Transmittal	<i>iv</i>
List of Principal Officials	<i>x</i>
Leadership Chart	<i>xi</i>
 FINANCIAL SECTION	
Independent Auditors Report	1
Management Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet—Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	21
Statement of Net Position – Proprietary Fund	22
Statement of Revenues, Expenses, and Change in Net Position—Proprietary Fund	23
Statement of Cash Flows—Proprietary Fund	24
Statement of Fiduciary Net Position—Fiduciary Fund	26
Statement of Changes in Fiduciary Net Position—Fiduciary Fund	27
Component Unit Combining Statements	
Combining Statement of Net Position—Component Units	28
Combining Statement of Activities—Component Units	29
Notes to Financial Statements	30
Required Supplemental Information	
Schedule of the Employer’s Share of the Net Pension Liability	66
Schedule of the Employer’s Statutory Payroll Contributions—Pension	67
Schedule of the Employer’s Proportionate Share of Net OPEB Liability	68
Schedule of the Employer’s Payroll Contributions—OPEB	69
Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General Fund	70
Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Designated Purpose Grants Fund	71

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
ANNUAL COMPREHENSIVE FINANCIAL REPORT
JUNE 30, 2022

TABLE OF CONTENTS (CONTINUED)

	PAGE
Supplemental Information	
<i>Debt Service Fund:</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual	72
<i>Building Fund:</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual	73
<i>Non-major Governmental Funds</i>	
Combining Balance Sheet	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	75
Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual	
Food Service Fund	76
Pupil Activity Fund	77
Title I, Part A Grants Fund	78
Capital Reserve Fund	79
Land Acquisition Fund	80
<i>Internal Service Fund</i>	
Schedule of Revenues, Expenses, and Changes in Fund Net Position – Budget and Actual	
Health Insurance Fund	81
 STATISTICAL SECTION	
Statistical Section Schedule Listing	82
Financial Trends	
Net Position by Component (Schedule 1)	83
Changes in Net Position (Schedule 2)	84
Fund Balances of Governmental Funds (Schedule 3)	85
Changes in Fund Balances Governmental Funds (Schedule 4)	86
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property (Schedule 5)	87
Property Tax Rates Direct and Overlapping Governments (Schedule 6)	88
Principal Taxpayers (Schedule 7)	89
Property Tax Levies and Collections General Fund (Schedule 8)	90
Debt Capacity	
Ratios of Outstanding Debt by Type (Schedule 9)	91
Ratios of General Bonded Debt Outstanding (Schedule 10)	92
Direct and Overlapping Governmental Activities Debt (Schedule 11)	93
Legal Debt Margin Information (Schedule 12)	94

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
ANNUAL COMPREHENSIVE FINANCIAL REPORT
JUNE 30, 2022

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION (CONTINUED)

Demographic and Economic Information	
Principal Employers by Industry (Schedule 13)	95
El Paso County Demographic and Economic Information (Schedule 14)	96
Operating Information	
Full Time Equivalent Employees by Function (Schedule 15)	97
Operating Information (Schedule 16)	98
Capital Assets by Function/Program (Schedule 17)	99
Schedule of Insurance in Force (Schedule 18)	100
School Building Information (Schedule 19)	101
Teacher Salary Information (Schedule 20)	103

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards	104
Notes to the Schedule of Expenditures of Federal Awards	105
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	106
Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the <i>Uniform Guidance</i>	107
Schedule of Findings and Questioned Costs	111
Summary Schedule of Prior Audit Findings	114
Corrective Action Plan	115

COLORADO SCHOOL DISTRICT/BOCES AUDITORS' DATA INTEGRITY REPORT

Independent Auditors' Report on Colorado School District/BOCES Auditors' Integrity Report	116
Colorado School District/BOCES Auditor's Integrity Report	117



February 15, 2023

To the Members of the Board of Education and Citizens of El Paso County School District No. 2 - Harrison

State law requires that all school districts publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of El Paso County School District No. 2 – Harrison for the fiscal year ended June 30, 2022.

This report consists of management’s representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, the District’s management has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

El Paso County School District No. 2 – Harrison’s financial statements have been audited by Hoelting & Company, Inc., a firm of licensed certified public accountants. Hoelting & Company, Inc. have issued an unmodified (“clean”) opinion on the El Paso County School District No. 2 – Harrison’s financial statements for the year ended June 30, 2022. The independent auditor’s report is located on page 1 of the financial section of this report.

The independent audit of the financial statements of the District is also designed to meet the federally mandated “Single Audit” requirements of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements and other matters that could have a direct and material effect on each federal award deemed to be a major program. These reports are presented in the Single Audit section of this report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors.

Profile of the District

El Paso County School District No. 2 – Harrison, established in 1874, is located in the southern part of Colorado Springs, Colorado. The District encompasses approximately eighteen square miles, most of the southwestern quadrant of the city of Colorado Springs bordering the Fort Carson military complex. The District is empowered to levy a property tax on both real and personal properties located within its boundaries. The District provides a full range of traditional and non-traditional school programs and services authorized by Colorado State statute. This includes preschool through twelfth grade education including: elementary, middle and senior high schools, full-day kindergarten, alternative school, home school program, International Baccalaureate (IB) programs, special education programs, gifted and talented programs, career and technical education, concurrent enrollment college classes, extra-curricular activities, student support services, and other educational programs. The District also provides student medical services through a school based health clinic.

The District has three charter schools with related entities that qualify as discretely presented component units. They are: James Irwin Charter Schools comprised of James Irwin Charter Elementary School, James Irwin Charter Middle School, James Irwin Charter High School, Atlas Preparatory School and The Vanguard School. Please see the accompanying notes to the financial statements for more detailed information.

During the 2021-2022 fiscal year the District served 12,945.5 full-time equivalent (FTE) students. Services were provided in 13 elementary schools, 3 middle schools, 2 high schools, 1 alternative school, 1 K-8 community school and two charter schools. The District's free and reduced lunch student count for 2021-2022 was 8,333 or 64% of student FTE. Projected student enrollment for the 2022-2023 school year is projected to decline slightly, with the ability to recoup any students lost from COVID-19 unknown at this time. For age of buildings please see the Statistical Section Schedule 19 in this document. The District has 10 buildings age 40 years and older and 10 buildings between the ages of 39 and 10 years.

The District operates under the control of the Board of Education. The Board consists of five members elected at large for staggered four-year terms, with elections held during odd years. The Board elects its own president, vice-president, treasurer and secretary. The Board is now working under a governance model system called *Coherent Governance*. Instead of having the previous 300 or so district policies, the *Coherent Governance* model now streamlines board policies down to 30 clear and concise policies holding the Superintendent more accountable for daily district operations, challenging curriculum, high-quality teachers and most of all, student achievement.

The annual budget serves as the foundation for the District's financial planning and control. A proposed budget is developed based on projected revenues and budget recommendations of individual departments and committees of the District. The Superintendent and the Chief Financial Officer present this proposed budget to the Board of Education for review. A public hearing is held on the proposed budget, and a final budget is adopted with appropriations detailed at the fund level no later than June 30th, the close of the District's fiscal year. The budget is prepared by fund, program and object. Transfers of appropriations may be made within a fund however transfers of appropriations between funds requires the approval of the Board. Budget-to-actual comparisons are provided in the Basic Financial Statement section for the General Fund and major Special Revenue Funds and in the required supplementary information and the other supplementary information for each non-major fund for which an appropriated annual budget has been adopted.

Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

State and Local Economy

Broad measures of U.S. and Colorado economic activity indicate continued recovery from the pandemic-induced recession. Though, rather than the hoped-for strong and steady recovery, economic activity, like the trajectory of the virus itself, has instead been choppy and uneven. Many households and businesses are still bearing the brunt of lingering distress, while others have emerged unscathed or even better off. Spending and employment in sectors tied to in-person services still lag their pre-pandemic levels and remain sensitive to the waxing and waning of the virus. Supply and demand mismatches, initially expected to be temporary, have been exacerbated by global waves of COVID-19 cases. These mismatches are now expected to persist into 2022, boosting inflationary pressures and challenging the economic recovery as government assistance recedes.

The U.S. and Colorado economies remain in unprecedented economic times, with shifting and still-elevated economic risks. There have been surprisingly few signs of lasting scarring from the pandemic-related recession, but there is still a great deal of uncertainty about how much of the shifts in consumer, business, and worker behavior will persist and whether short-term disruptions will have long-lasting ripple effects. The drag from receding government stimulus may increase if momentum supporting wage and business incomes does not offset the pull-back in public assistance.

Colorado's recovery continuing into 2023:

- State employment projected to rebound to pre-recession levels in 2023
- State is ranked above average for GDP, employment, and income growth
- New entity filings and existing entity renewals hit record levels in 2021
- The Denver region recorded a lower rate of inflation than the nation in 2021 for the first time in 9 years

Colorado employment recovery on track for 2022; but headwinds persist. The Colorado Business Economic Outlook is for a full employment recovery in 2022; however, the recovery by industry is fragmented. Some industries (e.g., Finance and Insurance, Professional and Business Services) have posted strong recoveries, while other industries (Leisure and Hospitality, Mining and Logging) continue to record jobs deficits. Business Leaders continue to report concerns—COVID, worker shortages, supply chain, interest rates, and inflation. For the first time in the last 9 years, inflation in the Denver-Aurora-Lakewood MSA grew at a slower rate than the nation in 2021—1.2 percentage points lower. Colorado gasoline prices, after running higher than the nation for most of 2021, moderated in early 2022.

Employment in Colorado is estimated to have increased 4.4%, or 120,800 jobs, in 2022 once data revisions take effect in March 2023, pushing the economy to new peaks. Colorado will sustain job growth in 2023 despite a slowing economy, increasing another 57,100 (2%). Of the 11 industry groups in the state, nine are projected to add jobs in 2023; the exception is construction and financial activities, which are navigating the accentuated ill effects of rising interest rates. In 2023, Professional and Business Services is projected to add the most jobs, while the fastest pace of jobs growth (percentage terms) is projected in Natural Resources and Mining.

Colorado public school districts educate over 875,000 students in preschool through 12th grade every year. Funding for public schools comes from three main sources of revenue: local property tax, state funding, and federal dollars. The state share is primarily from income and sales tax revenues flowing through the state and then to districts. While federal education law is well established and sets strong requirements for public education, federal dollars are typically a relatively small overall component of the annual funding of public schools. Since March of 2020, K-12 public education, like many sectors of the economy, has experienced dramatic changes in the delivery of services, labor force availability, and revenue fluctuations. Overall funding of education in Colorado as compared to the national average has declined since 1992, despite such actions as Amendment 23 to the Colorado constitution in 2000 and the passage of cannabis sales taxes to support education. Colorado spent between \$2,205 to \$3,033 less per pupil than the U.S. average in FY2018, according to data from the Census Bureau, Quality Counts, and NCES. Many school districts have turned to increasing local property taxes to support education, but due to the wildly disparate property values within school districts, the ability to generate revenue is a function of property values as well as the local voters' willingness to support public education with additional property tax dollars. These disparities are a result of residential development, nonresidential development, oil and gas resources, and the number of students in a district.

The outlook for 2022-23 is stable; however, lingering fiscal and operational headwinds will persist. Statewide enrollment in 2023-24 is projected to decrease by over 5,000, or 0.6% students from 2022-23. This decrease continues a declining trend given the significant 3.3% enrollment drop recorded in October of 2020.

Long-Term Financial Planning

Pursuant to adopting the Coherence Governance model the Board is continuing the process of monitoring and improving indicators of Operational Expectations (OE) for each operational area. The Superintendent is responsible for ensuring the District meets the requirements contained in each OE. The Board and District management recognize the importance of retaining a healthy fund balance to ensure the long-term financial stability of the District. Therefore, a financial OE requiring a General Fund ending fund balance of 13% of expenditures has been approved by the Board.

Relevant Financial Policies

Detailed descriptions of the Districts accounting policies are disclosed in Note 1: Summary of Significant Accounting Policies. These policies describe the basis of accounting, funds and accounts in use, valuation policies for inventories, investments, capital assets, compensated absences and other significant accounting information.

The District maintains a number of budgetary controls. The objective of budgetary controls is to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the Board. Activities for all funds are included in the appropriated budget. Budgetary control is established at the fund level. The District maintains an encumbrance accounting system as one method of accomplishing budgetary control. Unencumbered budgets lapse at the end of the fiscal year.

Major Initiatives

Beginning in January 2021, the District unveiled a new three-year strategic plan:

2021-2024 Strategic Plan The Journey Forward

Our Mission:

Graduate college and career ready students with the knowledge, skills, attitudes and behaviors to personally succeed and contribute to the common good.

Core Beliefs:

All students are capable of excellence.

Our purpose is to maximize student success.

The well-being of our students, staff, families and community is worthy of our investment.

District Priorities

Priority 1: Classroom

We are committed to meeting the academic & social-emotional needs of all students while providing equitable opportunities through:

- Ensuring our Pre-K through post-secondary curriculums focus on standards-based instruction
- Engaging students using research-based instructional strategies
- Addressing individual academic and social-emotional needs of all students

Priority 2: Culture

We are committed to a collaborative environment of trust, integrity, and transparency through:

- Creating systems of accountability
- Establishing high expectations
- Ensuring equity for all

Priority 3: Community

We are committed to developing and sustaining a community through:

- Communicating transparently and frequently
- Nurturing and sustaining school and district partnerships
- Facilitating community outreach and advocacy

Awards

The El Paso County School District No. 2 - Harrison received the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2020. This award certifies that the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020, substantially conforms to the principles and standards of financial reporting as recommended and adopted by ASBO. The award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certification of Achievement for Excellence in Financial Reporting to El Paso County School District No. 2 - Harrison for its ACFR for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award

recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

El Paso County School District No. 2 - Harrison staff members are proud of the fact that ASBO and GFOA have awarded these certificates for many years. It is the District's belief that the current report continues to conform to the standards set by ASBO and GFOA, and it will be submitted for review to determine its eligibility for a certificate.


Acknowledgments


The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of District staff. Thank you to the District's independent certified public accountants for their continued professional approach in the performance of the audit and in assistance with the preparation of the Annual Comprehensive Financial Report.

Without the leadership and support of the Board of Education of the El Paso County School District No. 2 - Harrison, preparation of this report would not have been possible.

Finally, a special thank you to the District's Finance Department for their hard work, dedication and pursuit of excellence.

Sincerely,


Dr. Wendy Birhanzel
Superintendent


Shelley Becker, M.B.A.
Assistant Superintendent of Business Services,
Chief Financial Officer

LIST OF PRINCIPAL OFFICIALS

BOARD OF EDUCATION

Mr. Corey Williams, President

Ms. Regina English, Vice-President

Ms. Linda Pugh, Secretary

Mr. Steve Seibert, Treasurer

Ms. Jeannie Lira, Director

DISTRICT ADMINISTRATION

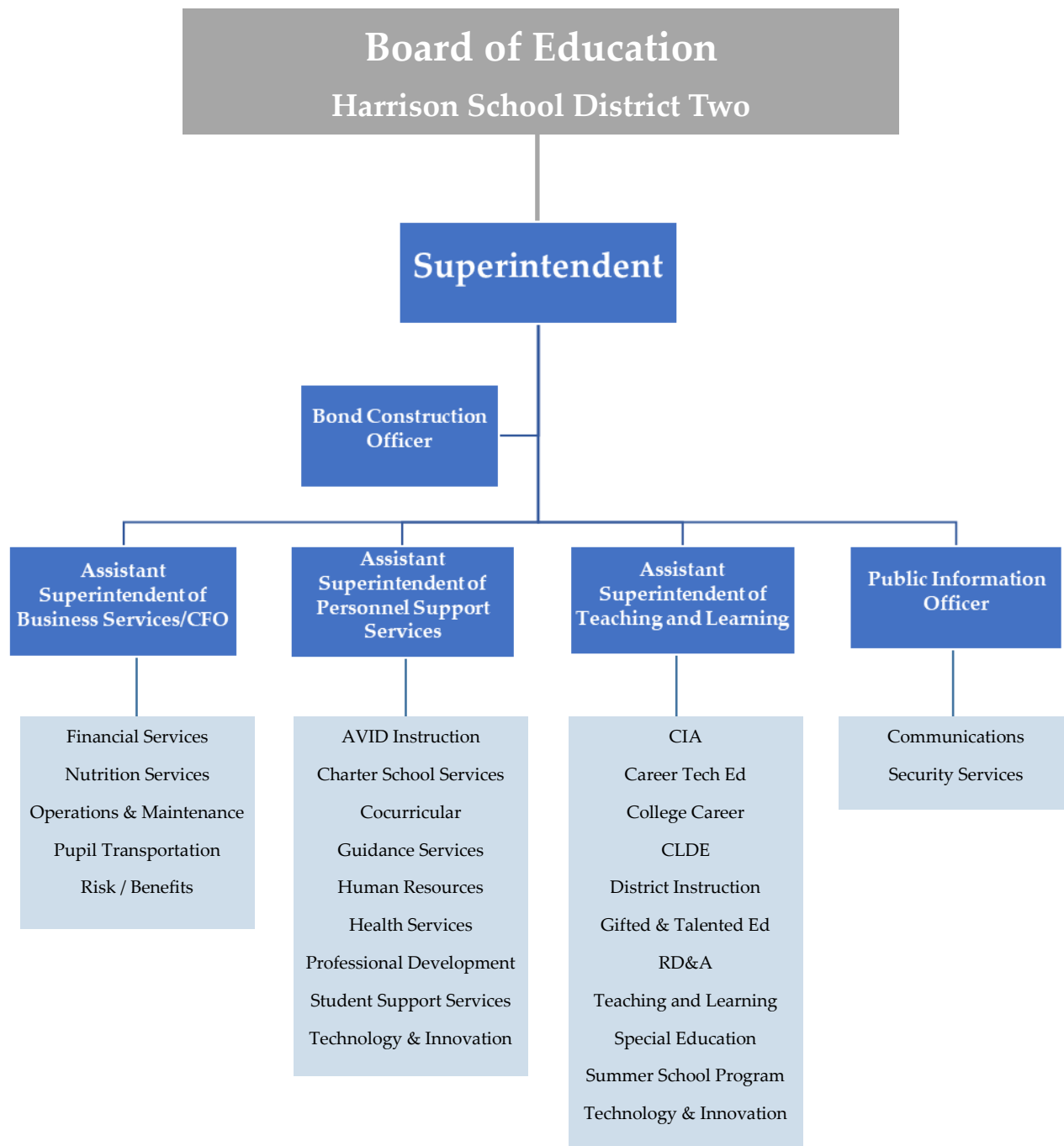
Dr. Wendy Birhanzel, Superintendent

Shelley Becker, MBA, Assistant Superintendent of Business Services / Chief
Financial Officer

Dr. Mike Claudio, Assistant Superintendent of Personnel Support Services

Rachel Laufer, Assistant Superintendent of Teaching and Learning

Christine O'Brien, Public Information Officer



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Education
El Paso County School District No. 2 - Harrison

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 2 - Harrison, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the El Paso County School District No. 2 - Harrison'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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 2 - Harrison, as of June 30, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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. 2 - Harrison 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 14 to the financial statements, El Paso County School District No. 2 - Harrison implemented GASB Statement No. 87, Leases effective July 1, 2021. 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. 2 -

Harrison'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 and *Government 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. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

In performing an audit in accordance with generally accepted auditing standards and *Government 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. 2 - Harrison'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. 2 - Harrison'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. 2 - Harrison's basic financial statements. The accompanying supplemental information and schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 supplemental information and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2023 on our consideration of the El Paso County School District No. 2 - Harrison's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the El Paso County School District No. 2 - Harrison's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering El Paso County School District No. 2 - Harrison's internal control over financial reporting and compliance.

Hoelting & Company Inc.

Colorado Springs, Colorado
March 1, 2023

Management's Discussion and Analysis

As management of El Paso County School District No. 2 – Harrison (the District), we offer readers of the District's Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal.

Financial Highlights

- Liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources by \$77,556,577 during the fiscal year, resulting in a negative net position.
- As of the close of the current fiscal year, the District's *Governmental Funds* reported combined ending fund balances of \$127,797,389.
- The *Governmental Funds* reported total fund balance includes restricted fund balance of \$92,884,149, unassigned fund balance of \$16,627,674, committed fund balance of \$12,739,808, assigned fund balance of \$5,216,497 and non-spendable fund balance of \$329,261. All of the unassigned balances are reported in the General Fund.
- The District's total long-term liabilities increased by \$35,381,515 during the current fiscal year due to the issuance of \$80 million in general obligation bonds.

Overview of the Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include instruction, pupil activities, instructional support, general and school administration, business and central services, and transportation. Risk related activities, reported in the Internal Service Fund, are considered governmental activities.

The government-wide financial statements include not only the District itself (known as the *primary government*), but also two legally separate charter schools. Financial information for the charter schools is presented separately because they are financially accountable to the District and provide services to the District's students.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental Funds. *Governmental Funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, Governmental Fund financial statements focus on *near-term inflow and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *Governmental Funds* with similar information presented for *governmental activities* in government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund balance sheet and the Governmental Fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *Governmental Funds* and *governmental activities*.

The District maintains seven individual Governmental Funds. Information is presented separately in the Governmental Fund balance sheet and in the Governmental Fund statement of revenues, expenditures and changes in fund balance for the General Fund, Designated Purpose Grants Fund, Debt Service Fund and Building Fund, all of which are considered to be major funds. Data from the three other Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major Governmental Funds is provided in the form of *combining statements* elsewhere in the report.

The District adopts an annual appropriated budget for its Governmental Funds. A budgetary comparison statement has been provided for the General Fund and each major Special Revenue Fund to demonstrate compliance with these budgets. GASB Statement No. 34 only requires a budgetary comparison for the General Fund and for each major individual Special Revenue Fund for which an annual budget is legally adopted. However, the District has included budgetary comparison statements for each of the other major funds and non-major funds as well, in the supplemental information section of this report.

Proprietary Funds. The District maintains one type of Proprietary Fund. *Internal Service Fund* is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an Internal Service Fund to account for its Dental Insurance activities. Because this service predominately benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The Internal Service Fund is presented in the Proprietary Fund financial statements. Budget to actual data for the Proprietary Funds is provided in the supplemental information section of this report.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the District. Fiduciary Funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds. The District uses Fiduciary Funds to account for scholarships to be awarded to District students.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* and *supplementary information* concerning the District.

The combining statements referred to earlier in connection with non-major Governmental Funds are presented immediately following the notes to the financial statements.

Government-Wide Financial Analysis

- As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$77,556,577 resulting in a deficit net position at the close of the fiscal year ending June 30, 2022.
- \$39,963,225 of net position is invested in capital assets net of accumulated depreciation, related outstanding debt used to acquire those assets, and unspent bond proceeds. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the District's net position of \$14,404,580 represents resources that are subject to external restriction on how they may be used.
- Unrestricted net position was reported as a deficit in the amount of \$131,924,382.

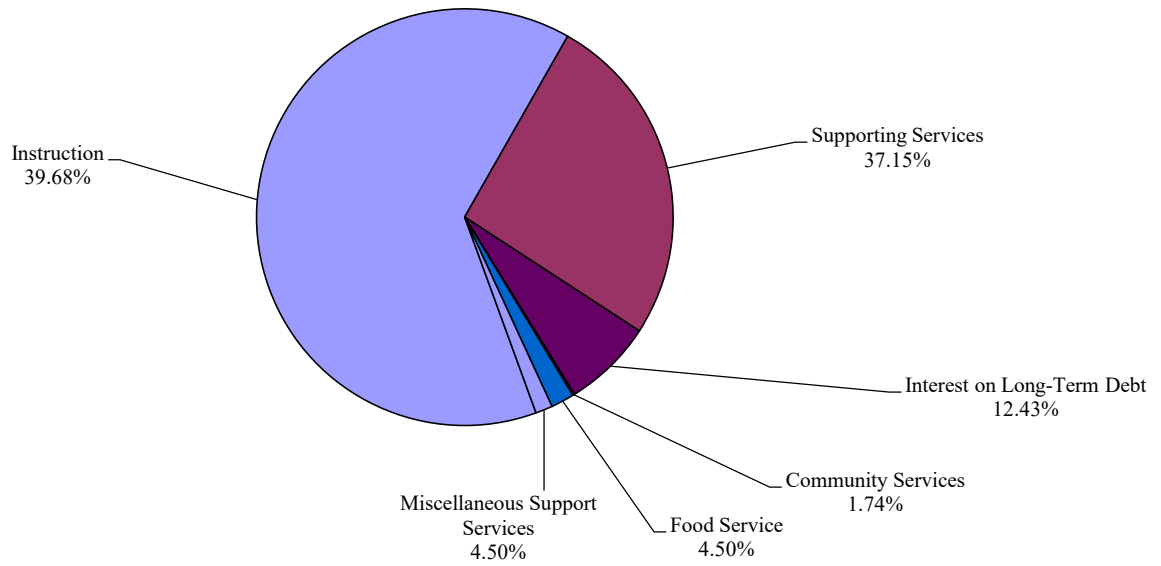
Governmental Activities

- Most District governmental activities were financed by District and state taxpayers through local property taxes and state equalization payments.

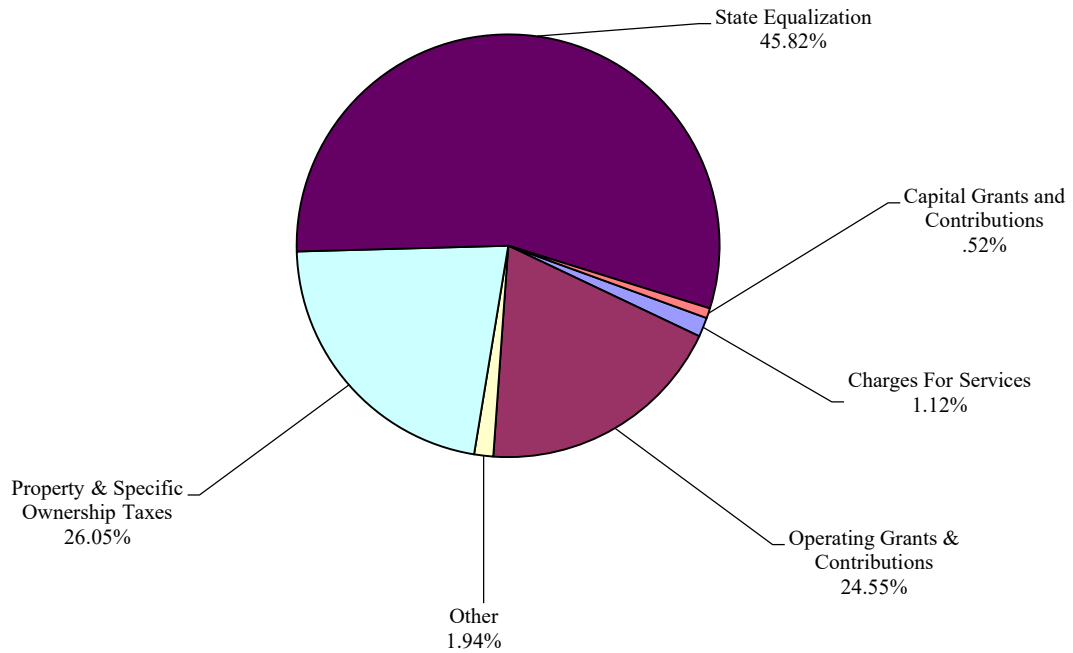
EL PASO COUNTY SCHOOL DISTRICT NO. 2 – HARRISON NET POSITION		
	Governmental Activities	
	2021	2022
Current and other assets	\$95,758,716	\$152,140,855
Capital assets	141,719,963	176,372,029
Total assets	237,478,679	328,512,884
Deferred outflow of resources	52,745,615	31,983,573
Non-current liabilities	313,378,023	348,759,538
Other liabilities	24,180,592	24,328,312
Total liabilities	337,558,615	373,087,850
Deferred inflow of resources	76,373,200	64,965,184
Net position:		
Net investment in capital assets	35,291,825	39,963,225
Restricted	16,363,148	14,404,580
Unrestricted	(175,362,494)	(131,924,382)
Total net position	\$ (123,707,521)	\$(77,556,577)

- The total net position of the District decreased by \$46,150,944 during the current fiscal year. This is primarily a result of an increase in the deferred outflow of resources. The main component of this change is due to a decrease in the deferred pension outflows decreasing from \$51,379,774 to \$31,128,845 year over year.

Expenses by Function-Governmental Activities



Revenues by Source-Governmental Activities



EL PASO COUNTY SCHOOL DISTRICT NO. 2 – HARRISON CHANGES IN NET POSITION		
Revenues:	Governmental Activities	
	2021	2022
Program Revenues		
Charges for services	\$ 1,353,488	\$ 1,611,846
Operating grants and contributions	32,611,984	35,170,991
Capital grants and contributions	792,385	751,767
General Revenues		
Property and specific ownership taxes	35,735,115	37,320,563
State equalization	65,884,180	65,615,964
Other	1,437,656	2,779,713
Total Revenues	137,814,808	143,250,844
Expenses:		
Instruction	40,750,407	38,531,704
Supporting services	32,319,572	36,072,079
Community services	68,141	1,695,199
Interest on long-term debt	4,572,873	12,062,431
Miscellaneous Support Services	3,226,406	4,373,704
Food service	3,547,724	4,364,783
Total Expenses	84,485,123	97,099,900
Increase (decrease) in net position	53,329,685	46,150,944
Beginning net position (deficit) as restated	(177,037,206)	(123,707,521)
Ending net position (deficit)	\$ (123,707,521)	\$ (77,556,577)

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with Colorado Department of Education requirements.

Governmental Funds. The focus of the District's *Governmental Funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending and meeting the needs of cash flow.

As of the end of the current fiscal year, the District's Governmental Funds reported combined ending fund balances of \$127,797,389. Approximately 13.01% of this total amount constitutes *unassigned fund balance*. The remainder of fund balance is either *non-spendable*, *committed*, *assigned* or *restricted* to indicate that it is not available for new spending because it has already been committed or restricted 1) to pay debt service, 2) for a constitutional amendment (TABOR), 3) for the Colorado Preschool Program, 4) for food service 5) risk management and capital projects, 6) to meet operating reserves and 7) for inventories and prepaid items.

The General Fund is the operating fund of the District. At the end of the current fiscal year, unassigned and committed fund balance of the General Fund was \$25,527,674 while total fund balance amounted to

\$32,769,952. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and committed fund balance represents 25.65% of total General Fund expenditures, while total fund balance represents 32.93% of that same amount. Due to impacts of COVID-19, expenditure spending patterns varied compared to historical trends. The fund balance of the General Fund grew due to the underspending of expenditures while the District was in a remote environment for daily operations.

The fund balance of the District's General Fund decreased in the amount of \$749,703 during the current fiscal year.

The Designated Purpose Grants Fund is used to account for grants awarded to the District that are restricted for a specific purpose.

- Federal grant revenues amounted to \$18,737,494 and accounted for 87.10% of total revenue for this fund.
Approximately 31.80% or \$6,849,879 of revenues were expended to support instructional programs while 68.20% or \$14,663,564 were expended for other supporting services for students.

The Debt Service Fund reported a year-end fund balance of \$10,854,580 which is restricted for the payment of debt service. The net decrease in fund balance during the current year was \$2,458,568 due to a bond refunding transaction.

Major Funds Budgetary Highlights

The District approves the adopted budget in June based on enrollment projections, proposed revenues and expenditures and other key assumptions for the following fiscal year. In January, a revised budget can be presented to the Board of Education after the October Pupil Count has been certified, the independent annual financial audit is completed, and other important revenue and expenditure trends have transpired.

The District prepares a five-year financial forecast to anticipate future needs and resources. This forecast includes compensation, benefit rate changes, estimated operating costs of future capital improvements, credible projections of revenues, carryover funds and operational items. The multi-year budget plan presented by the District will also disclose planning assumptions for the organization as a whole, for each school and operating unit and for each fund.

Changes to the School Finance Act for Fiscal Year 2021-2022 include:

- The statewide base per pupil funding was increased for inflation by 2.00%.
- After the application of the Budget Stabilization Factor, Total Program Funding for Harrison School District Two is estimated at \$112 million and takes into account inflation, pupil count, at-risk counts, assessed valuation and specific ownership taxes.
- The Budget Stabilization Factor (Negative Factor) for Fiscal Year 2021-2022 is calculated at 6.78%, resulting in (\$7.80) million less in Total Program Funding for the District.
- Statewide Average Per Pupil Funding is \$7,225 for Fiscal Year 2021-2022. For Harrison School District Two, the per pupil revenue is \$9,148.

The changes in budgeted expenditures for Fiscal Year 2021-2022 mainly result from the following components:

Employee Compensation:

Salary increases have been provided for most employees with increases based on each specific group of employees and also affected by years of service. Salary raises range from 4 to 12 percent.

PERA Increase:

No increase for Fiscal Year 2021-2022

District Medical Insurance Increase:

The benefit rate for medical insurance for employee only was increased from \$517.01 to \$520.00 per month.

Expenditures:

Overall expenditures for the General Fund increased by \$4.5 million for Fiscal Year 2021-2022 over the prior year.

Adequate levels of fund balance must be retained in each fund in order to provide financial stability. It is fiscally responsible to set aside funds to ensure the District can meet multi-year financial obligations, guard against unexpected revenue shortfalls and one-time expenditures, and to pay for items such as textbooks that have been ordered but not paid for at the end of the fiscal year. Fund balance also protects the District against revenue shortfalls caused by economic slowdowns and/or changes in state and federal legislation that affect District funding.

Historically, due to revenue shortfalls, the District's budget plan has included the use of fund balance to aid in balancing the General Fund budget. The intentional spend down of fund balance is to offset the reduction of revenue from the state. The total fund balance, both reserved and available, for appropriation in Fiscal Year 2021-2022 is estimated to be \$26.31 million.

The planned draw down of the General Fund fund balance is the result of the Districts' commitment to minimize the impact of potential expenditure reductions by budgeting the use of beginning fund balance. The financial impact of those savings will be monitored during the year to assist in future year budget preparation and projections.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$176,372,029 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment, and vehicles. The net increase in the District's capital assets for the current fiscal year was \$34,652,066.

Additional information on the District's capital assets can be found in Note 5.

Long-term Liabilities. At the end of the current fiscal year, the District had total non-current liabilities outstanding of \$349,065,682. Of this amount, \$181,545,000 is due to general obligation bonds,

\$3,525,541 is for compensated absences, \$39,367,125 is for net bond premiums and \$118,630,241 for net pension liability.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 – HARRISON LONG-TERM LIABILITIES		
	Governmental Activities	
	2021	2022
General obligation bonds	\$112,075,000	\$ 181,545,000
Bond premium-net	16,620,992	39,367,125
Compensated Absences	3,275,082	3,525,541
Leases	-	258,523
Net Pension Liability	175,046,053	118,630,241
Net OPEB Liability	6,360,896	5,739,252
Total	\$ 313,378,023	\$ 349,065,682

The District's total long-term liabilities increased \$35,687,659 during the current fiscal year. The main component of this increase is due the issuance of \$80 million in general obligation bonds from the 2018 bond election.

Current State statutes limit the amount of the District's general obligation bonded debt. The debt is subject to a legal debt limit based on the greater of 20% of the assessed value of taxable property in the District or 6% of the estimated actual value, as certified by the El Paso County Assessor. The District's assessed valuation for the collection year 2022 is \$819,319,230. As of June 30, 2022, the District's total general obligation bonded debt (including that portion due or payable within one year) was \$181,545,000. Additional information on the District's long-term liabilities can be found in Note 7.

Component Units. Only summary information regarding component units appears in the District's financial statements. The reader should review the audited financial statements of each component unit for additional information.

Economic Factors and Next Year's Budget

The U.S. and Colorado economies continue to expand, with healthy employment gains and improving consumer spending indicating continued growth. The labor market has recovered in record time relative to prior recessions, and the national and state unemployment rates are in retreat. Competition for workers remains strong, but plentiful job opportunities, rapid wage growth, declining pandemic-related health concerns and care constraints, and inflation-eroded financial cushions are expected to continue to push and pull workers back into the labor market, helping to ease labor shortages. Tighter monetary policy is expected to cool demand for workers, and with near-record job openings, there is room to rein in inflationary pressures without decreasing employment levels. While the pandemic recedes as the key determinant of the economic trajectory, new and elevated risks to the economic recovery have materialized. High inflation and the attendant monetary policy response have emerged as primary threats to the economic expansion. The current inflationary pressure has diverse causes, including pent up demand, a household savings glut, supply chain challenges, tight labor markets and, most recently, energy market disruptions associated with the war in Ukraine. While the tight labor market is producing

sizable wage gains, many households are increasingly drawing down savings or taking on second jobs, as inflationary pressures outpace rising wages for most. With historically high inflation pressuring everyday goods such as food and gasoline, the pinch on household budgets is broadly felt, affecting lower income households most severely. Its prevalence and severity, alongside deteriorating sentiment among investors and businesses, are increasingly likely to require a more forceful monetary policy response.

State Education Fund

The Colorado Constitution requires the State Education Fund to receive one-third of one percent of taxable income. In FY 2021-22, the State Education Fund will receive \$993.5 million as a result of this requirement, with similar amounts expected in FY 2022-23 and FY 2023-24. Relative to the March 2022 forecast, expectations for the constitutionally required transfer were revised up on higher expectations for taxable income. In addition, the General Assembly has at different times authorized the transfer of additional moneys from the General Fund to the State Education Fund. Most recently:

- House Bill 20-1420 included transfers of \$113 million in FY 2020-21 and \$23 million in FY 2021-22
- Senate Bill 21-208 included a \$100 million transfer in FY 2021-22
- Senate Bill 22-238 included a \$200 million transfer in FY 2022-23
- House Bill 22-1390 included a \$290 million transfer in FY 2022-23, net of an amendment to the transfer amount enacted in Senate Bill 22-202

Finally, Proposition EE, which was approved by voters in the November 2020 election, also transfers new revenue from increased cigarette, tobacco and nicotine taxes to the State Education Fund for three fiscal years. These amounts are currently estimated at \$4.9 million in FY 2020-21, \$146.4 million in FY 2021-22, and \$137.6 million in FY 2022-23.

State of Colorado Budget Outlook

FY 2021-2022

The General Fund is expected to end FY 2021-22 with a 26.7 percent reserve, \$1.60 billion higher than the statutorily required 13.4 percent reserve. Final income tax payments for tax year 2021, along with estimated payments for the first quarter of 2022, considerably surpassed expectations, spurring an anticipated 21.8 percent increase in General Fund revenue over prior year levels. State revenue subject to TABOR is projected to exceed the Referendum C cap by \$3.56 billion, requiring TABOR refunds in FY 2022-23. Refunds via direct payments in Senate Bill 22-233 are estimated at \$750 for individual taxpayers and \$1,500 for joint taxpayers.

FY 2022-2023

General Fund revenue collections are expected to match, but not exceed, FY 2021-22 revenue, as the economy faces significant headwinds in high inflation and the attendant monetary policy response. Following enactment of the budget package and other legislation, the General Fund is expected to end FY 2022-23 with a 13.6 percent reserve, \$190.6 million below the statutorily required 15.0 percent reserve. Increased expectations for cash fund revenue subject to TABOR have increased the anticipated General Fund obligation for TABOR refunds, causing expectations for the reserve to fall below the level at which the budget was balanced. Revenue is expected to exceed the Referendum C cap by \$3.02 billion.

FY 2023-24

Unbudgeted General Fund revenue is expected to fall just short of FY 2022-23 collections as economic growth continues to slow. The General Assembly is projected to have \$1.18 billion, or 6.3 percent, more available to spend or save relative to what is budgeted to be spent or saved in FY 2022-23 after the application of current law transfers and the 15.0 percent statutory reserve requirement. This amount does not incorporate caseload growth, inflationary, or other budgetary pressures.

Risks to the Forecast

High inflation, the forceful monetary policy response, the war in Ukraine and the ongoing pandemic all pose significant risks to the economic outlook, elevating the risk of recession during the forecast period. While projected TABOR refunds are large enough to absorb regular forecast error, a recession would likely reduce revenue below the Referendum C cap, resulting in less revenue available to be spent or saved in the General Fund budget.

District Budgetary Outlook

Property tax is a major funding source for the District, allocated to both General Fund and the Bond Redemption Fund. Property tax assessments are completed every two years by the county assessors office. The school district will certify a mill levy in December of each year, which is then sent to the county assessor's office. The majority of the property taxes are collected during the months of February through June by the county and are forwarded to each school district monthly. Property taxes account for nearly 16.66 percent of the General Fund Revenue and are estimated to be \$19.6 million in Fiscal Year 2021-2022. Property taxes provide 99 percent of the funding for the Bond Redemption Fund, estimated to be \$15.0 million in Fiscal Year 2021-2022.

The School Finance Act allows for additional revenue to be raised with voter override approval. The maximum amount that can be approved is 20 percent of a district's total program funding. Harrison School District Two voters have approved \$5.75 million which is collected annually. This represents 4.60 percent of the total program funding for the District.

Specific ownership tax is collected by the counties when vehicles are registered. A portion of this tax is allocated to the school district and is recorded in the General Fund. Harrison is expecting to collect \$3.5 million in Fiscal Year 2022-2023.

The largest source of revenue for the District is derived from state funding based on the 1994 Public School Finance Act, commonly referred to as program funding and is recorded in the General Fund. Program funding is mandated by state statute, C.R.S. 22-54-104 and is revised each year. This legislation requires that all schools in Colorado will be funded on a per pupil basis. Senate Bill 19-207 was approved by the Colorado General Assembly in April which revised the Public School Finance Act. The major factors that impact funding through this Act are student enrollment and an inflationary increase based on the Denver/Greeley/Lakewood consumer price index. The inflationary increase for Fiscal Year 2022-2023 is 3.5 percent. The projected per pupil revenue is \$9,624 which is an increase of \$476 per pupil from the prior fiscal year. The District estimates to receive \$125 million for Fiscal Year 2022-2023, with this funding source providing over 77 percent of the General Fund revenue.

The budgeted draw down of ending fund balance is the intentional plan of the District to effectively utilize revenues and to minimize the impact of potential reductions. In June 2019, the Board of Education adopted

an updated board policy which states "The Superintendent may not develop a budget that provides for an anticipated year-end fund balance of less than 13% of general fund expenditures." The financial impact of future year projections will be reviewed and monitored continually during the year to allow for data driven decisions to be made as warranted and deemed necessary.

Requests for Information

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

Harrison School District No. 2, Chief Financial Officer
1060 Harrison Road
Colorado Springs, CO 80905

Questions concerning component unit information provided in this report or requests for additional financial information should be addressed to:

James Irwin Charter Schools, Chief Financial Officer
5525 Astrozon Boulevard
Colorado Springs, CO 80916

Atlas Preparatory School, Inc., Executive Director
1602 South Murray Boulevard
Colorado Springs, CO 80916

The Vanguard School, Chief Financial Officer
1605 South Corona Avenue
Colorado Springs, CO 80905



DISTRICT
TWO HARRISON
SCHOOLS

BASIC FINANCIAL STATEMENT

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and investments	\$ 43,345,810	\$ 36,324,033
Restricted cash and investments	96,068,086	1,667,140
Cash with fiscal agents	926,105	-
Taxes receivable	1,203,309	-
Intergovernmental receivables	10,004,511	3,976,990
Other receivables	263,773	283,002
Inventories and prepaid items	329,261	209,109
Capital assets, not being depreciated	34,238,200	23,921,089
Capital assets, net of accumulated depreciation	142,133,829	61,699,969
Total assets	<u>328,512,884</u>	<u>128,081,332</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	304,345	2,229,772
Deferred pension outflows	31,128,845	11,628,102
Deferred OPEB outflows	550,383	430,469
Total deferred outflows of resources	<u>31,983,573</u>	<u>14,288,343</u>
LIABILITIES		
Accounts payable and other current liabilities	11,150,423	790,298
Accrued salaries and benefits	9,056,787	1,491,176
Accrued interest	746,175	146,806
Unearned revenue	3,534,253	276,611
Long-term liabilities:		
Due within one year	5,706,641	8,315,326
Due in more than one year	218,683,404	56,387,583
Net pension liability	118,630,241	37,540,280
Net OPEB liability	5,739,252	1,816,212
Total liabilities	<u>373,247,176</u>	<u>106,764,292</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	62,689,926	16,995,329
Deferred OPEB inflows	2,275,258	672,948
Total deferred inflows of resources	<u>64,965,184</u>	<u>17,668,277</u>
NET POSITION		
Net investment in capital assets	39,963,225	24,054,872
Restricted for:		
Emergency reserve (TABOR)	3,550,000	1,554,000
Debt service	10,854,580	1,629,945
Other purposes	-	30,400
Unrestricted	(132,083,708)	(9,332,111)
Total net position	<u>\$ (77,715,903)</u>	<u>\$ 17,937,106</u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
Primary government						
Governmental activities						
Instruction	\$ 38,691,031	\$ 1,480,813	\$ 30,832,888	\$ 751,767	\$ (5,625,563)	\$ -
Supporting services	36,072,078	-	(1,475,852)	-	(37,547,930)	
Food service operations	4,364,783	131,033	5,814,069	-	1,580,319	
Community services	1,695,199	-	-	-	(1,695,199)	
Education for adults	101,841	-	(114)	-	(101,955)	-
Facilities acquisition	4,271,863	-	-	-	(4,271,863)	
Interest and fiscal charges	12,062,431	-	-	-	(12,062,431)	
Total primary government	<u>\$ 97,259,226</u>	<u>\$ 1,611,846</u>	<u>\$ 35,170,991</u>	<u>\$ 751,767</u>	<u>(59,724,622)</u>	
Component units						
Charter schools	<u>\$ 38,660,951</u>	<u>\$ 5,339,542</u>	<u>\$ 6,310,442</u>	<u>\$ 6,906,920</u>		<u>(20,104,047)</u>
General revenues:						
Property taxes					33,601,341	2,071,796
Unrestricted intergovernmental revenues					3,719,222	-
State equalization					65,615,964	-
Per pupil revenue					-	44,797,632
Grants and contributions not restricted to specific programs					467,629	1,026,508
Unrestricted investment earnings					314,032	49,960
Gain on sale of capital assets					118,040	816,449
Miscellaneous					1,880,012	351,108
Total general revenues					<u>105,716,240</u>	<u>49,113,453</u>
Change in net position					45,991,618	29,009,406
Net position - beginning					<u>(123,707,521)</u>	<u>(11,072,300)</u>
Net position - ending (deficit)					<u>\$ (77,715,903)</u>	<u>\$ 17,937,106</u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Designated Purpose Grants Fund	Debt Service Fund	Building Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 38,152,452	\$ -	\$ -	\$ -	\$ 4,949,758	\$ 43,102,210
Restricted cash and investments	-	-	11,869,110	84,198,976	-	96,068,086
Cash with fiscal agents	524,248	-	401,857	-	-	926,105
Taxes receivable	682,434	-	520,875	-	-	1,203,309
Intergovernmental receivables	102,491	7,347,232	-	-	2,554,788	10,004,511
Other receivables	120,346	100,931	-	16,273	6,576	244,126
Due from internal balances	3,121,679	-	-	18,263	-	3,139,942
Inventories and prepaid items	152,822	-	-	-	176,439	329,261
Total assets	<u>\$ 42,856,472</u>	<u>\$ 7,448,163</u>	<u>\$ 12,791,842</u>	<u>\$ 84,233,512</u>	<u>\$ 7,687,561</u>	<u>\$ 155,017,550</u>
LIABILITIES						
Accounts payable and other current liabilities	\$ 2,305,745	\$ 2,885,680	\$ 10,134	\$ 5,753,943	\$ 165,796	\$ 11,121,298
Accrued salaries and benefits	7,451,777	1,011,523	-	-	593,487	9,056,787
Compensated absences	-	-	-	-	-	-
Due to interfunds	80,687	159,021	1,663,024	-	1,232,259	3,134,991
Unearned revenue	139,582	3,391,939	-	-	2,731	3,534,252
Total liabilities	<u>9,977,791</u>	<u>7,448,163</u>	<u>1,673,158</u>	<u>5,753,943</u>	<u>1,994,273</u>	<u>26,847,328</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	268,055	-	264,104	-	-	532,159
Total deferred inflows of resources	<u>268,055</u>	<u>-</u>	<u>264,104</u>	<u>-</u>	<u>-</u>	<u>532,159</u>
FUND BALANCES						
Nonspendable for:						
Inventories and prepaid items	152,822	-	-	-	176,439	329,261
Restricted for:						
Emergency reserve (TABOR)	3,550,000	-	-	-	-	3,550,000
Debt service	-	-	10,854,580	-	-	10,854,580
Capital projects	-	-	-	78,479,569	-	78,479,569
Committed for:						
Food service operations	-	-	-	-	3,324,068	3,324,068
Pupil Activities	-	-	-	-	515,740	515,740
Operating reserves	8,900,000	-	-	-	-	8,900,000
Assigned for:						
Risk management	165,040	-	-	-	-	165,040
Capital projects	-	-	-	-	1,677,041	1,677,041
Early retirement incentive	3,219,397	-	-	-	-	3,219,397
READ Act carryover	155,019	-	-	-	-	155,019
Unassigned	16,468,348	-	-	-	-	16,468,348
Total fund balances	<u>32,610,626</u>	<u>-</u>	<u>10,854,580</u>	<u>78,479,569</u>	<u>5,693,288</u>	<u>127,638,063</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 42,856,472</u>	<u>\$ 7,448,163</u>	<u>\$ 12,791,842</u>	<u>\$ 84,233,512</u>	<u>\$ 7,687,561</u>	<u>\$ 155,017,550</u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2022

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

Total fund balance - governmental funds		\$ 127,638,063
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, not being depreciated	\$ 34,238,200	
Capital assets, net of depreciation	<u>142,133,829</u>	176,372,029
Property tax receivable is not available to pay current period expenditures and, therefore, is not reported in the funds.		532,161
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.		229,168
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	\$ 304,345	
Net pension liabilities	(118,630,241)	
Pension outflows	31,128,845	
Pension inflows	(62,689,926)	
Net OPEB liabilities	(5,739,252)	
OPEB outflows	550,383	
OPEB inflows	(2,275,258)	
Accrued interest	(746,175)	
Compensated absences	(3,219,397)	
Leases payable	(258,523)	
Bonds payable	<u>(220,912,125)</u>	<u>(382,487,324)</u>
Net position of governmental activities in the statement of net position		<u><u>\$ (77,715,903)</u></u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Designated Purpose Grants Fund	Debt Service Fund	Building Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Local sources	\$ 26,016,431	\$ 153,297	\$ 14,564,786	\$ (1,142,199)	\$ 738,735	\$ 40,331,050
State sources	74,570,735	2,622,652	-	-	117,829	77,311,216
Federal sources	216,246	18,737,494	-	-	9,976,617	28,930,357
Total revenues	<u>100,803,412</u>	<u>21,513,443</u>	<u>14,564,786</u>	<u>(1,142,199)</u>	<u>10,833,181</u>	<u>146,572,623</u>
EXPENDITURES						
Instruction	53,931,448	6,849,879	-	-	3,018,216	63,799,543
Supporting services	44,397,199	12,501,303	-	25,300	2,443,757	59,367,559
Food service operations	(13,164)	44,424	-	-	4,274,582	4,305,842
Community services	699	1,620,041	-	-	64,583	1,685,323
Education for adults	4,268	99,472	-	-	-	103,740
Facilities acquisition and construction	1,254,503	279,504	-	39,806,026	643,081	41,983,114
Debt service	95,402	-	16,141,261	582,962	-	16,819,625
Total expenditures	<u>99,670,355</u>	<u>21,394,623</u>	<u>16,141,261</u>	<u>40,414,288</u>	<u>10,444,219</u>	<u>188,064,746</u>
Excess (deficiency) of revenues over expenditures	<u>1,133,057</u>	<u>118,820</u>	<u>(1,576,475)</u>	<u>(41,556,487)</u>	<u>388,962</u>	<u>(41,492,123)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,776,811	-	12,434,763	-	1,196,095	15,407,669
Transfers out	(4,154,086)	(118,820)	-	(12,434,763)	-	(16,707,669)
Proceeds from the sale of bonds	-	-	-	90,630,000	-	90,630,000
Premium (discount) on debt issued	-	-	-	25,941,084	-	25,941,084
Leases (as lessee)	335,189	-	-	-	-	335,189
Payments to escrow agents	-	-	(13,316,856)	-	-	(13,316,856)
Contribution to charter schools	-	-	-	(5,500,000)	-	(5,500,000)
Total other financing sources (uses)	<u>(2,042,086)</u>	<u>(118,820)</u>	<u>(882,093)</u>	<u>98,636,321</u>	<u>1,196,095</u>	<u>96,789,417</u>
Net change in fund balances	(909,029)	-	(2,458,568)	57,079,834	1,585,057	55,297,294
Fund balances - beginning	<u>33,519,655</u>	<u>-</u>	<u>13,313,148</u>	<u>21,399,735</u>	<u>4,108,231</u>	<u>72,340,769</u>
Fund balances - ending	<u>\$ 32,610,626</u>	<u>\$ -</u>	<u>\$ 10,854,580</u>	<u>\$ 78,479,569</u>	<u>\$ 5,693,288</u>	<u>\$ 127,638,063</u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
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, 2022

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

Net change in fund balances - total governmental funds:	\$ 55,297,294
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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 capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 38,462,396	
Depreciation/amortization	<u>(3,810,330)</u>	34,652,066

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.	10,649
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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.	1,134,957
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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.

Bond proceeds	\$ (90,630,000)	
Bond Premium	(25,941,084)	
Lease proceeds	(335,189)	
Repayment of principal	8,226,666	
Payment to escrow agent	<u>13,316,856</u>	(95,362,751)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest on long-term debt	\$ (293,795)	
Amortization of bond premium and deferred on refunding	2,888,097	
Amortization of deferred on refunding	(563,774)	
Compensated absences	(18,330)	
Change in pension related expenses	47,502,364	
Change in OPEB related expenses	<u>744,841</u>	<u>50,259,403</u>

Change in net position of governmental activities	<u>\$ 45,991,618</u>
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The accompanying notes are an integral part of these financial statements.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets	
Cash and investments	\$ 243,601
Receivables	19,647
	<hr/>
Total assets	\$ 263,248
	<hr/>
LIABILITIES	
Current liabilities	
Accounts Payable	\$ 29,129
Due to other funds	4,951
	<hr/>
Total liabilities	34,080
	<hr/>
NET POSITION	
Unrestricted	\$ 229,168
	<hr/> <hr/>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ -
OPERATING EXPENSES	
Insurance claims and expenses	165,042
Operating income (loss)	(165,042)
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	-
Total non-operating revenue (expenses)	-
Income (loss) before transfers	(165,042)
Transfers in (out)	1,300,000
Change in net position	1,134,958
Net position - beginning	(905,790)
Net position - ending	\$ 229,168

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	\$ (13,770)
Cash payments to suppliers	<u>(937,447)</u>
Net cash provided (used) by operating activities	<u>(951,217)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Advances from (to) other funds	<u>951,818</u>
Net cash provided (used) by non-capital financing activities	<u>951,818</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>-</u>
Net increase (decrease) in cash and cash equivalents	601
Cash and cash equivalents - beginning	<u>243,000</u>
Cash and cash equivalents - ending	<u><u>\$ 243,601</u></u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Governmental Activities Internal Service Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ (165,042)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(13,770)
Increase (decrease) in:	
Accounts payable	-
Claims payable	<u>(772,405)</u>
Total adjustments	<u>(786,175)</u>
Net cash provided (used) by operating activities	<u><u>\$ (951,217)</u></u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2022

	Private-purpose Trust Fund
ASSETS	
Cash and investments	\$ 1,029,452
Total assets	1,029,452
LIABILITIES	
Accounts payable	-
Total liabilities	-
NET POSITION	
Restricted for scholarships	1,029,452
Total net position	\$ 1,029,452

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Private-purpose Trust Fund
ADDITIONS	
Private contributions	820,717
Total contributions	820,717
Investment earnings	(76,766)
Total additions	743,951
DEDUCTIONS	
Payments to scholarship recipients	1,000
Administrative expenses	63,258
Total deductions	64,258
Net increase (decrease) in fiduciary net position	679,693
Net position - beginning	349,759
Net position - ending	\$ 1,029,452

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
COMBINING STATEMENT OF NET POSITION
COMPONENTS UNITS
JUNE 30, 2022

	James Irwin Charter Schools	Atlas Preparatory Charter School	The Vanguard School	Total Component Units
ASSETS				
Cash and investments	\$ 12,465,923	\$ 15,891,380	\$ 7,966,730	\$ 36,324,033
Restricted cash and investments	116,832	-	1,550,308	1,667,140
Grants receivable	1,891,754	445,486	364,822	2,702,062
Intergovernmental receivables	29,413	740,617	504,898	1,274,928
Other receivables	17,694	265,308	-	283,002
Inventories and prepaid items	156,431	52,678	-	209,109
Capital assets, not being depreciated	17,864,173	2,336,202	3,720,714	23,921,089
Capital assets, net of accumulated depreciation	22,928,338	22,451,857	16,319,774	61,699,969
Total assets	55,470,558	42,183,528	30,427,246	128,081,332
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	929,718	728,613	571,441	2,229,772
Deferred pension outflows	4,086,066	2,945,115	4,596,921	11,628,102
Deferred OPEB outflows	100,449	129,427	200,593	430,469
Total deferred outflows of resources	5,116,233	3,803,155	5,368,955	14,288,343
LIABILITIES				
Accounts payable and other current liabilities	263,731	467,564	59,003	790,298
Accrued salaries and benefits	530,945	-	960,231	1,491,176
Accrued interest payable	76,806	32,804	37,196	146,806
Unearned revenue	161,294	91,417	23,900	276,611
Long-term liabilities:				
Due within one year	7,440,343	300,384	574,599	8,315,326
Due in more than one year	23,021,788	10,283,443	23,082,352	56,387,583
Net pension liability	14,111,863	8,762,699	14,665,718	37,540,280
Net OPEB liability	682,737	423,942	709,533	1,816,212
Total liabilities	46,289,507	20,362,253	40,112,532	106,764,292
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows	7,401,169	3,388,588	6,205,572	16,995,329
Deferred OPEB inflows	270,585	151,716	250,647	672,948
Total deferred inflows of resources	7,671,754	3,540,304	6,456,219	17,668,277
NET POSITION				
Net investment in capital assets	11,260,098	14,932,845	(2,138,071)	24,054,872
Restricted for:				
Emergency reserves (TABOR)	635,000	415,000	504,000	1,554,000
Debt service	116,832	-	1,513,113	1,629,945
Other purposes	30,400	-	-	30,400
Unrestricted (deficit)	(5,416,800)	6,736,281	(10,651,592)	(9,332,111)
Total net position (deficit)	\$ 6,625,530	\$ 22,084,126	\$ (10,772,550)	\$ 17,937,106

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2022

	James Irwin Charter Schools	Atlas Preparatory Charter School	The Vanguard School	Total Component Units
Expenses				
Governmental activities:				
Instruction	\$ 8,395,688	\$ 4,839,779	\$ 6,293,678	\$ 19,529,145
Supporting services	5,524,891	5,933,738	4,795,827	16,254,456
Interest on long-term debt	1,099,862	850,749	926,739	2,877,350
Total expenses	<u>15,020,441</u>	<u>11,624,266</u>	<u>12,016,244</u>	<u>38,660,951</u>
Program Revenues				
Charges for services	2,708,017	848,597	1,782,928	5,339,542
Operating grants and contributions	1,941,182	4,218,755	150,505	6,310,442
Capital grants and contributions	606,177	5,832,861	467,882	6,906,920
Total program revenues	<u>5,255,376</u>	<u>10,900,213</u>	<u>2,401,315</u>	<u>18,556,904</u>
Net (Expense) Program Revenue	<u>(9,765,065)</u>	<u>(724,053)</u>	<u>(9,614,929)</u>	<u>(20,104,047)</u>
General Revenues				
Per pupil revenue	18,238,104	11,681,317	14,878,211	44,797,632
Mill Levy Override	824,426	550,932	696,438	2,071,796
Grant and contributions not restricted to specific programs	66,435	950,866	9,207	1,026,508
Unrestricted investment earnings	26,289	23,671	-	49,960
Gain on sale of assets	-	816,449	-	816,449
Other	256,797	54,348	39,963	351,108
Total general revenues	<u>19,412,051</u>	<u>14,077,583</u>	<u>15,623,819</u>	<u>49,113,453</u>
Changes in net position	9,646,986	13,353,530	6,008,890	29,009,406
Net position - beginning (deficit)	<u>(3,021,456)</u>	<u>8,730,596</u>	<u>(16,781,440)</u>	<u>(11,072,300)</u>
Net position - ending (deficit)	<u>\$ 6,625,530</u>	<u>\$ 22,084,126</u>	<u>\$ (10,772,550)</u>	<u>\$ 17,937,106</u>

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

NOTES TO FINANCIAL STATEMENTS

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of El Paso County School District No. 2 - Harrison (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

The District was established in 1874 and is organized under the Constitution of the State of Colorado. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms. The Board of Education maintains oversight for the District's thirty instructional facilities and support departments to provide services to meet the needs of approximately 13,000 students and other community members.

The School District serves an area approximately eighteen square miles. It encompasses the southern area of the city of Colorado Springs bordering the Fort Carson military complex.

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 Units. The District's Board of Education has authorized three charter schools for operation: James Irwin Charter Schools, Atlas Preparatory School, and The Vanguard School. The charter schools are fiscally dependent on the District since the District provides the majority of support to each 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.

James Irwin Charter Schools operates as a Colorado Charter School Network as defined in C.R.S 22-30.5-104.7. *Atlas Preparatory School* received approval on March 17, 2009. The contract period has been revised thru June 30, 2024. The charter school serves elementary, middle and high school students grades K-12. *The Vanguard School* began operations in 1995. In 2021, The Vanguard School signed a new charter contract to continue charter school operations within the District.

Financial statements for the charter schools may be obtained on the charter schools Financial Transparency webpage as required by passage of HB10-1036. A link to the charter schools Financial Transparency web pages are provided on the District website home page at www.hsd2.org. Click the Financial Transparency logo.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 *Debt Service Fund* accounts for the accumulation of resources for and the payment of principal, interest and related expenses on long-term general obligation debt.

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

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 intrascholastic and interscholastic athletic and other related activities.

The *Title I, Part A Grants Fund* accounts for the No Child Left Behind Title I Part A program of the District.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Capital Reserve Fund* accounts for the purposes and limitations specified by Section 22-45-103(1)(c), C.R.S., including the acquisition of sites, buildings, equipment and vehicles.

The *Land Acquisition Fund* accounts for permit fee payments and authorized capital expenditures.

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

The *Health Insurance Fund* accounts for premium payments and claims related to the self-funded health and dental insurance programs and risk related activities.

Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent on behalf of individuals or private organizations.

The *Private-Purpose Trust Fund* reports trust arrangements under which the principal and income benefit scholarship recipients and are not used as part of operations of the District.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's internal service fund are charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of sales, services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded 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.

*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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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	50 years
Improvements	10-25 years
Furniture and equipment	3-15 years
Vehicles	8-15 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.

Leases

Lessee: The District is a lessee for noncancellable leases of equipment. The District 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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and proprietary fund type 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.

Pensions

El Paso County School District No. 2 - Harrison 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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Post Employment Benefit (OPEB) Plan

El Paso County School District No. 2 - Harrison 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 as well as in proprietary funds, 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.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2022 is 23.266 mills for general operating expenses and 17.758 mills for the payment of long-term debt. The District's assessed valuation for the collection year 2022 is \$829,754,160. Taxes are assessed on \$819,319,230 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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Vacation—Full-time administrators earn twenty days of vacation per year. Full-time educational support personnel accrue vacation based their number of years of service. Vacation days earned during the employee's accrual year (July 1 to June 30) carry over to the next accrual year up to a total maximum of 45 days. Any vacation days accrued above 45 days but not taken by the end of the accrual year are forfeited by the employee.

Annual Leave—Employees who have worked twenty or more hours per week for a minimum of five years of active, continuous service with the District are reimbursed for unused Annual/Medical Leave when they leave or retire from employment with the District or become deceased during the course of employment. Benefits earned for this class will be compensated at the rate of 0.0015 of their highest annual salary multiplied by the number of unused Annual/Medical Leave days.

Employees hired on or after September 15, 2017 are not eligible for compensation of any accumulated unused annual or medical leave days upon leaving the District for reasons other than retirement with PERA.

A liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee termination. The liability for compensated absences includes salary-related benefits, where applicable.

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.

G. UPCOMING ACCOUNTING AND REPORTING CHANGES

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based informational technology arrangements (SBITAs). Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset and a corresponding liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

Management has not yet determined the effect this statement will have on the District's financial statements.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

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, 2022, expenditures exceeded appropriations in the Building Fund and the Debt Service Fund by \$10,077,453 and \$3,034,048, respectively. These over-expenditures were funded by greater than anticipated revenues.

NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2022 is as follows:

Deposits	\$ 3,701,333
Investments	<u>135,712,563</u>
Total	<u>\$139,413,896</u>

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

Cash and investments	\$ 43,345,810
Restricted cash and investments	<u>96,068,086</u>
Total	<u>\$ 139,413,896</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 was \$3,701,333 and the bank balances were \$7,027,640. Of the bank balances, \$250,000 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, 2022 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	\$ 17,688,582	Net asset value	Less than 90 days	AAA
CSIP	43,968,820	Net asset value	Less than 90 days	AAA
Money Market	<u>74,055,161</u>	Amortized cost	Less than 90 days	AAA
	<u>\$ 135,712,563</u>			

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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 CSIP and Money Markets. These investments are 32.4% and 54.6%, respectively, of the District's total investments.

In accordance with state law, the District has designated UMB as the third party custodian for the debt service fund. Funds held at June 30, 2022 total \$9,531,514 and are included with the ColoTrust 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.

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. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 3,40,992	\$ -
Designated Purpose Grants Fund	-	159,021
Debt Service Fund	-	1,663,024
Building Fund	18,263	-
Nonmajor Funds	-	1,232,259
Health Insurance Fund	<u>-</u>	<u>4,951</u>
Total	<u>\$ 3,059,255</u>	<u>\$ 3,059,255</u>

Interfund transfers

The composition of interfund transfers for the year ended June 30, 2022, is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ 1,776,811	\$ 4,154,086
Designated Purpose Grants Fund	-	118,820
Debt Service Fund	12,434,763	-
Building Fund	-	12,434,763
Health Insurance Fund	1,300,000	-
Nonmajor Funds	<u>1,196,095</u>	<u>-</u>
Total	<u>\$ 16,707,669</u>	<u>\$ 16,707,669</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. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 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	\$ 4,654,040	\$ 141,004	\$ -	\$ 4,654,040
Construction in progress	<u>73,905,969</u>	<u>35,907,065</u>	<u>(80,369,878)</u>	<u>29,443,156</u>
Total capital assets not being depreciated	<u>78,560,009</u>	<u>36,048,069</u>	<u>(80,369,878)</u>	<u>34,238,200</u>
Capital assets being depreciated:				
Buildings	133,818,773	81,013,481	-	214,832,254
Improvements	2,981,240	1,058,554	-	4,039,794
Furniture and equipment	4,097,347	301,981	-	4,399,328
Vehicles	<u>4,252,712</u>	<u>75,000</u>	<u>-</u>	<u>4,327,712</u>
Total capital assets being depreciated	<u>145,150,072</u>	<u>82,449,016</u>	<u>-</u>	<u>227,599,088</u>
Less accumulated depreciation for:				
Buildings	(75,678,947)	(2,977,226)	-	(78,656,173)
Improvements	(2,032,644)	(89,191)	-	(2,121,835)
Furniture and equipment	(2,212,926)	(251,063)	-	(2,463,989)
Vehicles	<u>(2,065,601)</u>	<u>(409,113)</u>	<u>-</u>	<u>(2,474,714)</u>
Total accumulated depreciation	<u>(81,990,118)</u>	<u>(3,726,593)</u>	<u>-</u>	<u>(85,716,711)</u>
Total capital assets being depreciated, net	<u>63,159,954</u>	<u>78,722,423</u>	<u>-</u>	<u>141,882,377</u>
Lease assets being amortized:				
Equipment	-	335,189	-	335,189
Less accumulated amortization for:				
Equipment	<u>-</u>	<u>(83,737)</u>	<u>-</u>	<u>(83,737)</u>
Total lease assets being amortized, net	<u>-</u>	<u>251,452</u>	<u>-</u>	<u>251,452</u>
Capital assets, net of accumulated depreciation/amortization	<u>63,159,954</u>	<u>78,973,875</u>	<u>-</u>	<u>142,133,829</u>
Total governmental activities capital assets	<u>\$ 141,719,963</u>	<u>\$ 115,021,944</u>	<u>\$ (80,369,878)</u>	<u>\$ 176,372,029</u>

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

Governmental Activities

Instruction	\$ 3,406,986
Supporting services	324,574
Food services	68,893
Community services	<u>9,877</u>
Total depreciation/amortization expense	<u>\$ 3,810,330</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – LEASES

District as lessee

The District, as a lessee, has entered into lease agreements for equipment with lease terms three years. The total costs of these right-to-use lease assets are recorded as \$335,189, less accumulated amortization of \$83,737. The District has determined that as of June 30, 2022, there is no loss associated with an impairment of the right-to-use lease asset.

The future lease payments under lease agreements as of June 30, 2022 are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 111,641	\$ 12,926	\$ 124,567
2024	117,223	7,344	124,567
2025	<u>29,659</u>	<u>1,483</u>	<u>31,142</u>
Total	<u>\$ 258,523</u>	<u>\$ 21,753</u>	<u>\$ 280,276</u>

NOTE 7 – 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, 2022 are as follows:

	<u>Original</u> <u>Borrowing</u>	<u>Interest</u> <u>Rates</u>	<u>Final</u> <u>Maturity</u>	<u>Outstanding</u> <u>at Year-end</u>
<i>Governmental Activities</i>				
G.O. Refunding bonds 2017	\$ 14,190,000	2.00% - 5.00%	2026	\$ 8,415,000
G.O. Bonds 2019	\$ 100,000,000	3.00% - 5.00%	2038	82,500,000
G.O. Refunding and Improvement Bonds 2021	\$ 90,630,000	5.00%	2041	<u>90,630,000</u>
Total				<u>\$ 181,545,000</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

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>
2023	\$ 5,595,000	\$ 9,353,750
2024	5,825,000	9,045,419
2025	6,060,000	8,694,925
2026	6,355,000	8,293,825
2027	6,675,000	7,872,725
2028 – 2032	38,670,000	33,166,500
2033 – 2037	49,365,000	22,161,125
2038 – 2042	<u>63,000,000</u>	<u>8,182,500</u>
Total	<u>\$ 181,545,000</u>	<u>\$ 106,770,769</u>

Advance Refunding

In the current fiscal year, the District issued \$90,630,000 in general obligation refunding and improvement bonds with interest rates of 5.0%. The proceeds were used to advance refund \$13,010,000 of outstanding 2010 general obligation bonds which had interest rates ranging from 2.0% to 5.0%. The net proceeds of \$115,990,122 (including a \$25,941,084 premium and after payment of \$580,962 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2010 general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,248,551. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunded debt, which had a shorter remaining life than the refunding debt. The advance refunding reduced its total debt service payments by \$1,781,072 and to resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,737,335.

Legal Debt Margin

Actual valuation	<u>\$ 5,698,190,237</u>
Debt limit – 6% of actual valuation	341,891,414
General obligation debt	<u>(181,545,000)</u>
Legal Debt Margin Available	<u>\$ 160,346,414</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Changes in Long-Term Liabilities

Changes in the District's long-term liabilities for the year ended June 30, 2022, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One year</u>
<i>Governmental Activities</i>					
General obligation bonds	\$ 112,075,000	\$ 90,630,000	\$(21,160,000)	\$ 181,545,000	\$ 5,595,000
Premiums	<u>16,620,992</u>	<u>25,941,084</u>	<u>(3,194,951)</u>	<u>39,367,125</u>	<u>-</u>
Total bonds payable	128,695,992	116,571,084	(24,354,951)	220,912,125	5,595,000
Leases	-	335,189	(76,666)	258,523	111,641
Compensated absences	3,275,082	556,603	(306,144)	3,525,541	306,144
Net pension liability	175,046,053	29,833,219	(86,249,031)	118,630,241	-
Net OPEB liability	<u>6,360,896</u>	<u>258,192</u>	<u>(879,836)</u>	<u>5,739,252</u>	<u>-</u>
<i>Total Governmental Activities</i>	<u>\$ 313,378,023</u>	<u>\$ 82,918,771</u>	<u>\$(111,866,628)</u>	<u>\$ 349,065,682</u>	<u>\$ 6,012,785</u>

General obligation bonds are liquidated in the debt service fund. Leases are liquidated in the general 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 8 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the El Paso County School District No. 2 - Harrison 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/investments/pera-financial-reports.

Benefits provided as of December 31, 2021. 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. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions provisions as of June 30, 2022: Eligible employees of, El Paso County School District No. 2 - Harrison 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 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.88%

****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. 2 - Harrison is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from El Paso County School District No. 2 - Harrison were \$13,076,851 for the year ended June 30, 2022.

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 (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The El Paso County School District No. 2 - Harrison proportion of the net pension liability was based on El Paso County School District No. 2 - Harrison contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2022, the El Paso County School District No. 2 - Harrison reported a liability of \$118,630,241 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. 2 - Harrison 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. 2 - Harrison were as follows:

El Paso County School District No. 2 - Harrison proportionate share of the net pension liability	\$ 118,630,241
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the El Paso County School District No. 2 - Harrison	13,599,442
Total	\$ 132,229,683

At December 31, 2021, the El Paso County School District No. 2 - Harrison proportion was 1.0193908213%, which was a decrease of 0.1384756282% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the El Paso County School District No. 2 - Harrison recognized pension expense of \$(47,502,364) and revenue of \$(3,250,938) for support from the State as a nonemployer contributing entity. At June 30, 2022, the El Paso County School District No. 2 - Harrison 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	\$ 4,541,641	\$ -
Changes of assumptions or other inputs	9,056,533	-
Net difference between projected and actual earnings on pension plan investments	-	44,601,427
Changes in proportion and differences between contributions recognized and proportionate share of contributions	11,123,974	18,088,499
Contributions subsequent to the measurement date	6,406,697	N/A
Total	\$ 31,128,845	\$ 62,689,926

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$6,406,697 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, 2023. 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:	
2023	\$ (3,159,216)
2024	(16,243,187)
2025	(13,151,716)
2026	(5,413,659)
2027	-
Thereafter	-

Actuarial assumptions. The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, 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.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – 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 Board's November 15, 2019, meeting, to be effective January 1, 2020. 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	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
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 Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial 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.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- 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. 2 - Harrison 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 one percentage point lower (6.25%) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 174,614,012	\$ 118,630,241	\$ 71,913,874

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/investments/pera-financial-reports.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

General Information about the OPEB Plan

Plan description. Eligible employees of the El Paso County School District No. 2 - Harrison 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/investments/pera-financial-reports.

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

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

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the El Paso County School District No. 2 - Harrison is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from El Paso County School District No. 2 - Harrison were \$670,929 for the year ended June 30, 2022.

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

At June 30, 2022, the El Paso County School District No. 2 - Harrison reported a liability of \$5,739,252 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The El Paso County School District No. 2 - Harrison proportion of the net OPEB liability was based on El Paso County School District No. 2 - Harrison contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the El Paso County School District No. 2 - Harrison proportion was 0.6655709487%, which was a decrease of 0.0038384634% from its proportion measured as of December 31, 2020.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

For the year ended June 30, 2022, the El Paso County School District No. 2 - Harrison recognized OPEB expense of \$(744,841). At June 30, 2022, the El Paso County School District No. 2 - Harrison 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	\$ 8,746	\$ 1,360,846
Changes of assumptions or other inputs	118,824	311,321
Net difference between projected and actual earnings on OPEB plan investments	-	355,262
Changes in proportion and differences between contributions recognized and proportionate share of contributions	94,096	247,829
Contributions subsequent to the measurement date	328,717	N/A
Total	\$ 550,383	\$ 2,275,258

\$328,717 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, 2023. 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:	
2023	\$ (577,502)
2024	(574,131)
2025	(538,247)
2026	(293,554)
2027	(61,478)
Thereafter	(8,680)

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Actuarial assumptions. The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, 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	4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% in 2021, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
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. 2 - Harrison proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 5,574,436	\$ 5,739,252	\$ 5,930,177

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, 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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) 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.
- 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.

Based on the above assumptions and methods, the HCTF'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 OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. 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. 2 - Harrison 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 one-percentage-point lower (6.25%) or one-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	\$ 6,665,540	\$ 5,739,252	\$ 4,948,041

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/investments/pera-financial-reports.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District accounts for and finances these risk related activities in the General Fund. Effective July 1, 2009, the District became a participant in the Colorado School Districts Self-Insurance Pool (CSDSIP) for the above noted risks of loss with the exception of workers compensation. The CSDSIP is a public entity risk pool currently operating as a common risk management and insurance program for school districts. Participation in CSDSIP is approved by and managed under regulations promulgated by the Colorado State Insurance Division of Regulatory Agencies. The District pays an annual premium to CSDSIP for its general property and liability insurance coverage. CSDSIP is self-sustaining through member premiums. Complete financial statements can be obtained from CSDSIP at 6857 South Spruce St. Centennial, CO 80112 or by telephone at 1-800-332-3556. The District purchases commercial insurance for workers compensation. Settled claims resulting from these risks have not exceeded the purchased commercial insurance coverage in any of the past three fiscal years.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 - RISK MANAGEMENT (CONTINUED)

The District maintains the following insurance coverage: Catastrophic coverage in the amount of \$365,736,724 for buildings and contents, which carries a \$5,000 deductible and workers' compensation coverage providing \$100,000 coverage for each accident, \$100,000 coverage for each employee. All losses within the deductible limits are paid for by the General Fund. A complete disclosure of insurance coverage may be found in the Statistical Section of this report Schedule 18-Schedule of Insurance in Force.

There were no significant changes in insurance coverage from the prior year.

The Health Insurance Fund, reported as an internal service fund, is utilized to provide dental insurance coverage as specified by the plan agreement. Losses are paid through a combination of cost-reimbursement, self-insurance for losses up to certain limits, and the purchase of insurance for losses above the limit. As of June 30, 2021, the District no longer provides health insurance coverage through the Health Insurance Fund.

Changes in the claims liability for the year ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Claims liability, beginning	\$ 801,534	\$ 500,381
Incurred claims	336,038	10,570,526
Payments	(334,455)	(10,269,373)
Refunds and credits – health insurance	<u>(773,978)</u>	<u>-</u>
Claims liability, ending	<u>\$ 29,129</u>	<u>\$ 801,534</u>

The claims payable above is determined by the use of a claims lag report provided by the third-party administrator for the claims period July 1 through June 30 of each fiscal year.

NOTE 11 – 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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction commitments

The District has active construction projects as of June 30, 2022. The projects are for mill levy override projects. At year end the District's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining commitment
Wildflower Elementary School remodel	\$ 6,274,638	\$ 1,267,055
Sierra High School renovation	\$ 2,904,058	\$ 11,409,417
Soaring Eagle Elementary School addition	\$ 6,234,859	\$ 8,719,123
Bricker Elementary School project	\$ 155,149	\$ 504,358
Monterey Elementary School remodel	\$ 7,546,066	\$ 774,862

NOTE 12 - 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 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, 2022 there is a \$3,550,000 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.

In November 1998, the registered voters approved a ballot resolution authorizing the District to increase taxes \$4,000,000 annually to finance expenses of the District and the costs of an all-day kindergarten program.

On November 7, 2000, the registered voters approved a ballot resolution authorizing the District to increase taxes \$5,750,000 annually for specified program purposes, including lowering pupil to teacher ratio, attracting and retaining quality personnel, providing funds for discipline and safe schools, and maintaining and enhancing district technology.

On November 6, 2001, the registered voters approved a ballot resolution authorizing the to increase debt \$60,000,000 to finance the construction, purchasing of buildings and grounds, remodeling and making additions to school buildings, and equipping school buildings.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 - TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

On November 6, 2018, the registered voters approved a ballot resolution authorizing the District to increase debt \$180,000,000 and to increase taxes to not more than \$16.2 million annually for the repayment of that debt. This debt was issued to finance the costs of improving, repairing and making additions to school buildings, equipping and furnishing school buildings, improving school grounds, and acquiring, constructing and improving any capital asset for district purposes.

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 13 – 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.

NOTE 14 – ADOPTION OF NEW ACCOUNTING STANDARD

El Paso County School District No. 2 - Harrison implemented GASB Statement No. 87, *Leases*, effective July 1, 2021. This Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. There is no effect on fund balance or net position as a result of the implementation of this standard.

REQUIRED SUPPLEMENTAL INFORMATION

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	1.0193908213%	1.1578664495%	1.0492661903%	1.0342742963%	1.1811895036%	1.2265829940%	1.2376581129%	1.2338139839%	1.2405130689%
District's proportionate share of the net pension liability (asset)	\$ 118,630,241	\$ 175,046,053	\$ 156,758,092	\$ 183,139,508	\$ 381,954,706	\$ 365,201,189	\$ 189,291,071	\$ 167,223,239	\$ 158,227,107
State's proportionate share of the net pension liability (asset) associated with the School	13,599,442	-	19,882,770	25,041,784	-	-	-	-	-
Total	<u>\$ 132,229,683</u>	<u>\$ 175,046,053</u>	<u>\$ 176,640,862</u>	<u>\$ 208,181,292</u>	<u>\$ 381,954,706</u>	<u>\$ 365,201,189</u>	<u>\$ 189,291,071</u>	<u>\$ 167,223,239</u>	<u>\$ 158,227,107</u>
District's covered payroll	\$ 63,708,713	\$ 61,903,371	\$ 61,651,044	\$ 56,859,613	\$ 54,486,876	\$ 55,051,241	\$ 53,936,857	\$ 51,687,955	\$ 50,009,032
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	186.21%	282.77%	254.27%	322.09%	701.00%	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

* 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. 2 - HARRISON
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 13,076,851	\$ 12,061,474	\$ 12,221,806	\$ 11,339,787	\$ 10,402,380	\$ 10,018,861	\$ 9,770,495	\$ 8,562,677	\$ 8,129,367
Contributions in relation to the contractually required contribution	<u>(13,076,851)</u>	<u>(12,061,474)</u>	<u>(12,221,806)</u>	<u>(11,339,787)</u>	<u>(10,402,380)</u>	<u>(10,018,861)</u>	<u>(9,770,495)</u>	<u>(8,562,677)</u>	<u>(8,129,367)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 65,778,928	\$ 60,671,396	\$ 63,064,013	\$ 59,277,508	\$ 55,097,353	\$ 54,509,582	\$ 55,107,136	\$ 50,726,760	\$ 50,872,133
Contributions as a percentage of covered payroll	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.88%	15.98%

* 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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JUNE 30, 2022

	<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)	0.6655709487%	0.6694094121%	0.6856528659%	0.6722865701%	0.6711473210%	0.6972043544%
District's proportionate share of the net OPEB liability (asset)	\$ 5,739,252	\$ 6,360,896	\$ 7,706,724	\$ 9,146,741	\$ 8,722,231	\$ 9,039,492
District's covered payroll	\$ 63,708,713	\$ 61,903,371	\$ 61,651,044	\$ 56,859,613	\$ 54,486,876	\$ 55,051,241
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	9.01%	10.28%	12.50%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	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. 2 - HARRISON
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 670,929	\$ 618,516	\$ 643,252	\$ 604,633	\$ 562,643	\$ 556,084
Contributions in relation to the contractually required contribution	<u>(670,929)</u>	<u>(618,516)</u>	<u>(643,252)</u>	<u>(604,633)</u>	<u>(562,643)</u>	<u>(556,084)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 65,778,928	\$ 60,671,396	\$ 63,064,013	\$ 59,277,508	\$ 55,097,353	\$ 54,509,582
Contributions as a percentage of covered payroll	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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES				
Local sources:				
Property taxes	\$ 16,556,974	\$ 16,556,974	\$ 19,047,982	\$ 2,491,008
Specific ownership taxes	3,000,000	3,000,000	3,719,222	719,222
Other local sources	2,360,633	2,360,633	3,249,227	888,594
Total local sources	21,917,607	21,917,607	26,016,431	4,098,824
State sources:				
State equalization	69,819,133	69,819,133	65,615,964	(4,203,169)
Other state funding	9,195,083	7,597,300	8,954,771	1,357,471
Total state sources	79,014,216	77,416,433	74,570,735	(2,845,698)
Federal sources	245,002	245,002	216,246	(28,756)
Total revenues	101,176,825	99,579,042	100,803,412	1,224,370
EXPENDITURES				
Instruction	53,582,400	53,582,400	53,931,448	(349,048)
Supporting services:				
Student services	6,949,367	6,949,367	6,323,247	626,120
Instructional staff	4,800,739	4,800,739	4,227,562	573,177
General administration	1,623,176	1,623,176	1,132,867	490,309
School administration	10,501,675	10,501,675	9,762,438	739,237
Business services	1,107,141	1,107,141	1,119,754	(12,613)
Operation and maintenance	10,512,988	10,512,988	9,629,872	883,116
Student transportation	4,298,000	4,298,000	2,974,025	1,323,975
Central services	7,264,514	9,569,568	9,227,434	342,134
Other support services	-	-	-	-
Food service operations	15,395	15,395	(13,164)	28,559
Community services	5,479	5,479	699	4,780
Education for adults	-	-	4,268	(4,268)
Facilities acquisition and construction	550,099	550,099	1,254,503	(704,404)
Debt service	16,513	16,513	95,402	(78,889)
Appropriated reserves	371,568	371,568	-	371,568
Total expenditures	101,599,054	103,904,108	99,670,355	4,233,753
Excess (deficiency) of revenues over expenditures	(422,229)	(4,325,066)	1,133,057	5,458,123
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,776,811	1,776,811
Transfers out	(4,154,086)	(4,154,086)	(4,154,086)	-
Leases (as lessee)	-	-	335,189	335,189
Total other financing sources (uses)	(4,154,086)	(4,154,086)	(2,042,086)	2,112,000
Net change in fund balance	(4,576,315)	(8,479,152)	(909,029)	7,570,123
Fund balance - beginning	31,227,006	33,585,088	33,519,655	(65,433)
Fund balance - ending	\$ -	\$ -	\$ 32,610,626	\$ 7,504,690

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
DESIGNATED PURPOSE GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES				
Local sources	\$ 281,720	\$ 281,720	\$ 153,297	\$ (128,423)
State sources	968,149	968,149	2,622,652	1,654,503
Federal sources	20,740,627	20,740,627	18,737,494	(2,003,133)
Total revenues	21,990,496	21,990,496	21,513,443	(477,053)
EXPENDITURES				
Instruction	7,041,357	7,041,357	6,849,879	191,478
Supporting services:				
Student services	1,746,045	1,746,045	1,698,201	47,844
Instructional staff	5,981,415	5,981,415	5,820,355	161,060
General administration	2,199	2,199	3,062	(863)
School administration	169,327	169,327	164,000	5,327
Business services	1,387,600	1,387,600	1,349,814	37,786
Operation and maintenance	1,930,766	1,930,766	1,878,869	51,897
Student transportation	43,981	43,981	42,278	1,703
Central services	1,587,714	1,587,714	1,544,724	42,990
Food service operations	46,180	46,180	44,424	1,756
Community services	1,664,681	1,664,681	1,620,041	44,640
Education for adults	101,156	101,156	99,472	1,684
Facilities acquisition and construction	288,075	288,075	279,504	8,571
Total expenditures	21,990,496	21,990,496	21,394,623	595,873
Excess (deficiency) of revenues over expenditures	-	-	118,820	118,820
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(118,820)	(118,820)
Total other financing sources (uses)	-	-	(118,820)	(118,820)
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

See the accompanying independent auditors' report.

SUPPLEMENTAL INFORMATION

DEBT SERVICE FUND

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources:			
Property taxes	\$ 14,971,648	\$ 14,542,710	\$ (428,938)
Other local sources	31,388	22,076	(9,312)
Total revenues	<u>15,003,036</u>	<u>14,564,786</u>	<u>(438,250)</u>
EXPENDITURES			
Debt service:			
Principal	8,150,000	8,150,000	-
Interest	7,929,238	7,929,238	-
Other support services	40,000	62,023	(22,023)
Total expenditures	<u>16,119,238</u>	<u>16,141,261</u>	<u>(22,023)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,116,202)</u>	<u>(1,576,475)</u>	<u>(460,273)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	11,822,291	12,434,763	612,472
Payments to escrow agents	(10,304,831)	(13,316,856)	(3,012,025)
Total other financing sources (uses)	<u>1,517,460</u>	<u>(882,093)</u>	<u>(2,399,553)</u>
Net change in fund balance	401,258	(2,458,568)	(2,859,826)
Fund balance - beginning	<u>13,313,148</u>	<u>13,313,148</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 13,714,406</u></u>	<u><u>\$ 10,854,580</u></u>	<u><u>\$ (2,859,826)</u></u>

See the accompanying independent auditors' report.

BUILDING FUND

**EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources:			
Other local sources	\$ 102,308,859	\$ (1,142,199)	\$ (103,451,058)
EXPENDITURES			
Supporting services:			
Operation and maintenance	26,000	25,300	700
Facilities acquisition and construction	47,645,598	39,806,026	7,839,572
Debt service	600,000	582,962	17,038
Total expenditures	<u>48,271,598</u>	<u>40,414,288</u>	<u>7,857,310</u>
Excess (deficiency) of revenues over expenditures	<u>54,037,261</u>	<u>(41,556,487)</u>	<u>(95,593,748)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(12,434,763)	(12,434,763)
Proceeds from the sale of bonds	-	90,630,000	90,630,000
Premium (discount) on debt issued	-	25,941,084	25,941,084
Contribution to charter schools	-	(5,500,000)	(5,500,000)
Total other financing sources (uses)	<u>-</u>	<u>98,636,321</u>	<u>98,636,321</u>
Net change in fund balance	54,037,261	57,079,834	3,042,573
Fund balance - beginning	<u>19,840,806</u>	<u>21,399,735</u>	<u>1,558,929</u>
Fund balance - ending	<u><u>\$ 73,878,067</u></u>	<u><u>\$ 78,479,569</u></u>	<u><u>\$ 4,601,502</u></u>

See the accompanying independent auditors' report.

NON-MAJOR GOVERNMENTAL FUNDS

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	Special Revenue Funds			Capital Projects Funds		Total
	Food Service Fund	Pupil Activity Fund	Title I, Part A Grants Fund	Capital Reserve Fund	Land Acquisition Fund	Nonmajor Governmental Funds
ASSETS						
Cash and investments	\$ 2,480,468	\$ 515,344	\$ -	\$ 1,483,505	\$ 470,441	\$ 4,949,758
Intergovernmental receivables	1,203,822	-	1,350,966	-	-	2,554,788
Other receivables	-	1,625	-	4,951	-	6,576
Inventories and prepaid expenses	176,439	-	-	-	-	176,439
 Total assets	<u>\$ 3,860,729</u>	<u>\$ 516,969</u>	<u>\$ 1,350,966</u>	<u>\$ 1,488,456</u>	<u>\$ 470,441</u>	<u>\$ 7,687,561</u>
LIABILITIES						
Accounts payable and other current liabilities	\$ 113	\$ 1,229	\$ 163,853	\$ 601	\$ -	\$ 165,796
Accrued salaries and benefits	212,262	-	381,225	-	-	593,487
Due to interfunds	145,116	-	805,888	3,401	277,854	1,232,259
Unearned revenue	2,731	-	-	-	-	2,731
 Total liabilities	<u>360,222</u>	<u>1,229</u>	<u>1,350,966</u>	<u>4,002</u>	<u>277,854</u>	<u>1,994,273</u>
FUND BALANCES						
Nonspendable for:						
Inventories and prepaid items	176,439	-	-	-	-	176,439
Committed for:						
Food service operations	3,324,068	-	-	-	-	3,324,068
Pupil Activities	-	515,740	-	-	-	515,740
Assigned for:						
Capital projects	-	-	-	1,484,454	192,587	1,677,041
 Total fund balances	<u>3,500,507</u>	<u>515,740</u>	<u>-</u>	<u>1,484,454</u>	<u>192,587</u>	<u>5,693,288</u>
 Total liabilities and fund balances	<u>\$ 3,860,729</u>	<u>\$ 516,969</u>	<u>\$ 1,350,966</u>	<u>\$ 1,488,456</u>	<u>\$ 470,441</u>	<u>\$ 7,687,561</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>		<u>Total</u>
	<u>Food Service Fund</u>	<u>Pupil Activity Fund</u>	<u>Title I, Part A Grants Fund</u>	<u>Capital Reserve Fund</u>	<u>Land Acquisition Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES						
Local sources	\$ 143,051	\$ 508,720	\$ -	\$ 3,888	\$ 83,076	\$ 738,735
State sources	117,829	-	-	-	-	117,829
Federal sources	5,696,840	-	4,279,777	-	-	9,976,617
Total revenues	5,957,720	508,720	4,279,777	3,888	83,076	10,833,181
EXPENDITURES						
Instruction	-	684,515	2,333,701	-	-	3,018,216
Supporting services	-	-	2,000,313	443,358	86	2,443,757
Food service operations	4,274,582	-	-	-	-	4,274,582
Community services	-	-	64,583	-	-	64,583
Facilities acquisition and construction	-	-	-	-	643,081	643,081
Total expenditures	4,274,582	684,515	4,398,597	443,358	643,167	10,444,219
Excess (deficiency) of revenues over expenditures	1,683,138	(175,795)	(118,820)	(439,470)	(560,091)	388,962
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	118,820	1,077,275	-	1,196,095
Net change in fund balances	1,683,138	(175,795)	-	637,805	(560,091)	1,585,057
Fund balances - beginning	1,817,369	691,535	-	846,649	752,678	4,108,231
Fund balances - ending	<u>\$ 3,500,507</u>	<u>\$ 515,740</u>	<u>\$ -</u>	<u>\$ 1,484,454</u>	<u>\$ 192,587</u>	<u>\$ 5,693,288</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources:			
Other local sources	\$ 50,000	\$ 143,051	\$ 93,051
	<u>50,000</u>	<u>143,051</u>	<u>93,051</u>
State sources:			
Other state funding	-	117,829	117,829
	<u>-</u>	<u>117,829</u>	<u>117,829</u>
Federal sources	<u>4,641,550</u>	<u>5,696,840</u>	<u>1,055,290</u>
Total revenues	<u>4,691,550</u>	<u>5,957,720</u>	<u>1,266,170</u>
EXPENDITURES			
Food service operations	<u>5,037,981</u>	<u>4,274,582</u>	<u>763,399</u>
Total expenditures	<u>5,037,981</u>	<u>4,274,582</u>	<u>763,399</u>
Net change in fund balance	(346,431)	1,683,138	2,029,569
Fund balance - beginning, as restated	<u>1,856,465</u>	<u>1,817,369</u>	<u>(39,096)</u>
Fund balance - ending	<u><u>\$ 1,510,034</u></u>	<u><u>\$ 3,500,507</u></u>	<u><u>\$ 1,990,473</u></u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
PUPIL ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources:			
Other local sources	\$ 923,000	\$ 508,720	\$ (414,280)
EXPENDITURES			
Instruction	915,000	684,515	230,485
Total expenditures	915,000	684,515	230,485
Net change in fund balance	8,000	(175,795)	(183,795)
Fund balance - beginning, as restated	718,088	691,535	(26,553)
Fund balance - ending	<u>\$ 726,088</u>	<u>\$ 515,740</u>	<u>\$ (210,348)</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
TITLE I, PART A GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Federal sources	4,934,000	4,279,777	(654,223)
Total revenues	4,934,000	4,279,777	(654,223)
EXPENDITURES			
Instruction	2,934,000	2,333,701	600,299
Supporting services	2,000,000	2,000,313	(313)
Community services	-	64,583	(64,583)
Total expenditures	4,934,000	4,398,597	535,403
Excess (deficiency) of revenues over expenditures	-	(118,820)	(118,820)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	118,820	118,820
Total other financing sources (uses)	-	118,820	118,820
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources:			
Other local sources	\$ 1,056	\$ 3,888	\$ 2,832
Total revenues	<u>1,056</u>	<u>3,888</u>	<u>2,832</u>
EXPENDITURES			
Supporting services:			
Business services	-	211	(211)
Operation and maintenance	1,105,731	433,700	672,031
Student transportation	-	9,447	(9,447)
Appropriated reserves	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Total expenditures	<u>1,605,731</u>	<u>443,358</u>	<u>1,162,373</u>
Excess (deficiency) of revenues over expenditures	(1,604,675)	(439,470)	1,165,205
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>1,077,275</u>	<u>1,077,275</u>	<u>-</u>
Net change in fund balance	(527,400)	637,805	1,165,205
Fund balance - beginning	<u>906,088</u>	<u>846,649</u>	<u>(59,439)</u>
Fund balance - ending	<u>\$ 378,688</u>	<u>\$ 1,484,454</u>	<u>\$ 1,105,766</u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
LAND ACQUISITION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources:			
Other local sources	\$ 46,100	\$ 83,076	\$ 36,976
Total revenues	<u>46,100</u>	<u>83,076</u>	<u>36,976</u>
EXPENDITURES			
Supporting services:			
Business services	-	86	(86)
Facilities acquisition and construction	<u>650,000</u>	<u>643,081</u>	<u>6,919</u>
Total expenditures	<u>650,000</u>	<u>643,167</u>	<u>6,833</u>
Net change in fund balance	(603,900)	(560,091)	43,809
Fund balance - beginning	<u>611,414</u>	<u>752,678</u>	<u>141,264</u>
Fund balance - ending	<u><u>\$ 7,514</u></u>	<u><u>\$ 192,587</u></u>	<u><u>\$ 185,073</u></u>

See the accompanying independent auditors' report.

INTERNAL SERVICE FUND

**EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
INTERNAL SERVICER FUND - HEALTH INSURANCE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Charges for services	\$ 480,000	\$ -	\$ (480,000)
Other income	100,000	-	(100,000)
	<u>580,000</u>	<u>-</u>	<u>(580,000)</u>
OPERATING EXPENSES			
Insurance claims and expenses	1,684,888	165,042	1,519,846
	<u>(1,104,888)</u>	<u>(165,042)</u>	<u>939,846</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	811	-	(811)
	<u>811</u>	<u>-</u>	<u>(811)</u>
Income (loss) before transfers	<u>(1,104,077)</u>	<u>(165,042)</u>	<u>939,035</u>
Transfers in (out)	1,300,000	1,300,000	-
	<u>195,923</u>	<u>1,134,958</u>	<u>939,035</u>
Change in net position	195,923	1,134,958	939,035
Net position - beginning	168,028	(905,790)	(1,073,818)
Net position - ending	<u>\$ 363,951</u>	<u>\$ 229,168</u>	<u>\$ (134,783)</u>

See the accompanying independent auditors' report.

STATISTICAL SECTION

STATISTICAL SECTION

This part of the El Paso County School District No. 2 - Harrison's comprehensive annual financial report presents detailed information as a context for understanding the information in the financial statements, note disclosures and required supplementary information.

<u>Contents</u>	<u>Schedules</u>
Financial Trends These schedules contain trend information to help readers understand how the District's financial performance and well-being have changed over time.	Schedules 1-4
Revenue Capacity These schedules contain information to help readers assess the District's most significant local revenue source, property tax.	Schedules 5-8
Debt Capacity These schedules present information to help readers assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	Schedules 9-12
Demographic and Economic Information These schedules offer demographic and economic indicators to help readers understand the environment within which the District's financial activities take place.	Schedules 13-14
Operating Information These schedules contain service data to help readers understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	Schedules 15-20

Sources: Unless otherwise noted, the information in these schedules is derived from the District's Comprehensive annual financial reports for the relevant year.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Prepared using the accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities										
Net Investment in Capital Assets	\$ 39,963,225	\$ 35,291,825	\$ 29,120,792	\$ 29,296,499	\$ 33,391,489	\$ 33,824,163	\$ 28,606,143	\$ 28,312,028	\$ 24,648,165	\$ 18,805,949
Restricted	14,404,580	16,363,148	15,872,266	15,515,698	8,244,349	7,863,299	7,604,923	7,054,600	10,008,506	10,687,833
Unrestricted	<u>(131,924,382)</u>	<u>(175,362,494)</u>	<u>(222,030,264)</u>	<u>(262,546,478)</u>	<u>(275,573,245)</u>	<u>(201,149,614)</u>	<u>(139,636,102)</u>	<u>(136,404,704)</u>	<u>25,493,436</u>	<u>29,673,336</u>
Total Governmental Activities Net Position	<u>\$ (77,556,577)</u>	<u>\$ (123,707,521)</u>	<u>\$ (177,037,206)</u>	<u>\$ (217,734,281)</u>	<u>\$ (233,937,407)</u>	<u>\$ (159,462,152)</u>	<u>\$ (103,425,036)</u>	<u>\$ (101,038,076)</u>	<u>\$ 60,150,107</u>	<u>\$ 59,167,118</u>
Business-type activities										
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 872,746	\$ 767,740
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>899,408</u>	<u>1,118,149</u>
Total Business-type Activities Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,772,154</u>	<u>\$ 1,885,889</u>
Primary government										
Invested in capital assets, net of related debt	\$ 39,963,225	\$ 35,291,825	\$ 29,120,792	\$ 29,296,499	\$ 33,391,489	\$ 33,824,163	\$ 28,606,143	\$ 28,312,028	\$ 25,520,911	\$ 19,573,689
Restricted	14,404,580	16,363,148	15,872,266	15,515,698	7,863,299	7,863,299	7,604,923	7,054,600	10,008,506	10,687,833
Unrestricted	<u>(131,924,382)</u>	<u>(175,362,494)</u>	<u>(222,030,264)</u>	<u>(262,546,478)</u>	<u>(275,573,245)</u>	<u>(201,149,614)</u>	<u>(139,636,102)</u>	<u>(136,404,704)</u>	<u>26,392,844</u>	<u>30,791,485</u>
Total Primary Government Net Position	<u>\$ (77,556,577)</u>	<u>\$ (123,707,521)</u>	<u>\$ (177,037,206)</u>	<u>\$ (217,734,281)</u>	<u>\$ (233,937,407)</u>	<u>\$ (159,462,152)</u>	<u>\$ (103,425,036)</u>	<u>\$ (101,038,076)</u>	<u>\$ 61,922,261</u>	<u>\$ 61,053,007</u>

Source: School District Financial Records

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Prepared using the accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental Activities:										
Instruction	\$ 38,531,704	\$ 40,750,407	\$ 46,724,294	\$ 47,252,723	\$ 94,961,851	\$ 87,057,155	\$ 57,394,633	\$ 60,105,656	\$ 49,856,962	\$ 45,320,043
Supporting Services	36,072,079	14,631,216	20,032,989	18,277,173	38,638,556	36,168,327	23,250,745	24,454,433	19,691,966	18,393,054
Business Support Services	-	10,231,281	10,660,744	11,027,930	21,525,200	20,037,625	13,797,129	13,076,296	11,021,686	11,062,755
Central Support Services	-	7,457,075	2,506,679	6,040,118	10,563,944	9,099,556	13,512,853	5,874,570	4,994,329	4,955,660
Food Service	4,364,783	3,547,724	5,582,867	4,913,612	4,451,946	4,683,746	4,929,892	6,574,468	-	-
Community Services	1,797,040	68,141	4,795,740	98,187	95,804	71,870	145,945	157,989	185,398	230,663
Interest on Long-term Debt	12,062,431	4,572,873	148,611	3,403,400	1,311,050	1,623,419	1,746,854	1,694,097	3,005,941	1,979,745
Miscellaneous Support Services	4,271,863	3,226,406	4,935,839	14,715,655	796,352	2,920,094	3,072,676	1,234,972	852,211	2,041,997
Total Governmental Activities Expenses	97,099,900	84,485,123	95,387,763	105,728,798	172,344,703	161,661,792	117,850,727	113,172,481	89,608,493	83,983,917
Business-type Activities:										
Food Service	-	-	-	-	-	-	-	-	4,757,797	4,768,672
Total Primary Government Expenses	\$ 97,099,900	\$ 84,485,123	\$ 95,387,763	\$ 105,728,798	\$ 172,344,703	\$ 161,661,792	\$ 117,850,727	\$ 113,172,481	\$ 94,366,290	\$ 88,752,589
Program Revenues										
Governmental Activities:										
Charges for Services										
Instruction	\$ 1,480,813	\$ 295,034	\$ 1,187,207	\$ 358,500	\$ 164,422	\$ 361,062	\$ 807,263	\$ 50,847	\$ 34,700	\$ 40,507
Supporting Services	-	-	-	-	-	-	6,687,509	-	-	-
Business Support Services	-	1,042,255	1,070,838	1,175,020	93,220	1,043,380	1,620,927	1,301,095	1,014,770	1,736,906
Food Service	131,033	16,199	145,257	158,582	103,567	168,244	182,066	503,809	-	-
Operating Grants and Contributions	35,170,991	32,611,984	23,989,355	20,530,493	19,796,470	20,145,045	20,134,651	19,428,460	15,602,108	13,796,033
Capital Grants and Contributions	751,767	792,385	974,109	691,698	609,044	1,554,012	1,487,914	856,841	193,886	507,984
Total Governmental Activities Program Revenues	37,534,604	34,757,857	27,366,766	22,914,293	20,766,723	23,271,743	30,920,330	22,141,052	16,845,464	16,081,430
Business-type Activities:										
Charges for Services	-	-	-	-	-	-	-	-	663,749	598,262
Operating Grants and Contributions	-	-	-	-	-	-	-	-	4,089,487	4,101,826
Total Business-type Activities Program Revenues	-	-	-	-	-	-	-	-	4,753,236	4,700,088
Total Primary Government Program Revenues	\$ 37,534,604	\$ 34,757,857	\$ 27,366,766	\$ 22,914,293	\$ 20,766,723	\$ 23,271,743	\$ 30,920,330	\$ 22,141,052	\$ 21,598,700	\$ 20,781,518
Net (Expense)/Revenue										
Governmental Activities	\$ (59,565,296)	\$ (49,727,266)	\$ (68,020,997)	\$ (82,814,505)	\$ (151,577,980)	\$ (138,390,049)	\$ (86,930,397)	\$ (91,031,429)	\$ (72,763,029)	\$ (67,902,487)
Business-type Activities	-	-	-	-	-	-	-	-	(4,561)	(68,584)
Total Primary Government Net Expense	\$ (59,565,296)	\$ (49,727,266)	\$ (68,020,997)	\$ (82,814,505)	\$ (151,577,980)	\$ (138,390,049)	\$ (86,930,397)	\$ (91,031,429)	\$ (72,767,590)	\$ (67,971,071)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 33,601,341	\$ 31,798,043	\$ 30,493,095	\$ 30,072,004	\$ 21,291,198	\$ 20,633,466	\$ 20,396,406	\$ 19,988,451	\$ 22,551,614	\$ 22,683,848
Specific Ownership Taxes	3,719,222	3,937,072	3,757,267	3,271,758	2,762,211	2,571,521	2,296,117	2,322,398	2,360,463	2,215,222
State Equalization	65,615,964	65,884,180	70,042,776	63,620,183	59,413,461	58,357,656	57,540,544	54,222,478	48,518,083	44,835,513
Grants and contributions not restricted to a particular program	467,629	171,133	231,332	735,644	-	-	-	-	-	-
Earnings on Investments	314,032	564,022	3,179,585	1,058,127	465,335	254,558	104,165	27,824	32,317	58,308
Gain on Disposal of Capital Assets	118,040	-	-	-	-	-	-	-	-	1,111,453
Other Revenue	1,880,012	702,501	318,348	259,915	1,934,602	547,405	265,022	414,633	283,541	889,515
Total Governmental Activities	105,716,240	103,056,951	108,022,403	99,017,631	85,866,807	82,364,606	80,602,254	76,975,784	73,746,018	71,793,859
Business-type Activities:										
Earnings on Investments	-	-	-	-	-	-	-	-	323	1,537
Other Revenue	-	-	-	-	-	-	-	-	6,315	167,399
Total Business-type Activities	-	-	-	-	-	-	-	-	6,638	168,936
Total Primary Government	\$105,716,240	\$103,056,951	\$ 108,022,403	\$ 99,017,631	\$ 85,866,807	\$ 82,364,606	\$ 80,602,254	\$ 76,975,784	\$ 73,752,656	\$ 71,962,795
Change in Net Position										
Governmental Activities	\$ 46,150,944	\$ 53,329,685	\$ 40,001,406	\$ 16,203,126	\$ (65,711,173)	\$ (56,025,443)	\$ (6,328,143)	\$ (14,055,645)	\$ 982,989	\$ 3,891,372
Business-type Activities	-	-	-	-	-	-	-	-	2,077	100,352
Total Primary Government	\$ 46,150,944	\$ 53,329,685	\$ 40,001,406	\$ 16,203,126	\$ (65,711,173)	\$ (56,025,443)	\$ (6,328,143)	\$ (14,055,645)	\$ 985,066	\$ 3,991,724

Source: School District Financial Records

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Prepared using the modified accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Reporting categories per GASB 54										
General Fund										
Nonspendable	\$ 152,822	\$ 205,277	\$ 5,670	\$ 10,784	\$ 8,352	\$ 10,826	\$ 10,392	\$ 12,512	\$ 7,539	\$ 11,426
Committed	8,900,000	8,900,000	8,900,000	12,100,000	12,370,000	15,413,943	2,513,659	2,732,904	2,808,705	3,106,389
Restricted	3,550,000	3,050,000	3,317,249	3,429,788	3,116,213	3,056,898	2,911,991	2,384,629	2,316,563	2,300,000
Assigned	3,539,456	3,690,414	3,821,521	2,575,317	3,085,727	-	-	-	-	-
Unassigned	16,627,674	17,673,964	10,724,297	5,181,194	5,691,453	7,961,189	19,430,216	19,980,036	18,064,196	17,816,403
Total General Fund	<u>\$ 32,769,952</u>	<u>\$ 33,519,655</u>	<u>\$ 26,768,737</u>	<u>\$ 23,297,083</u>	<u>\$ 24,271,745</u>	<u>\$ 26,442,856</u>	<u>\$ 24,866,258</u>	<u>\$ 25,110,081</u>	<u>\$ 23,197,003</u>	<u>\$ 23,234,218</u>
All Other Governmental Funds										
Nonspendable	\$ 176,439	\$ 38,247	\$ 109,775	\$ 113,999	\$ 332,013	\$ 202,758	\$ 161,704	\$ -	\$ -	\$ -
Committed	3,839,808	3,378,449	3,706,020	3,657,108	-	1,746,990	2,197,008	1,314,100	1,265,221	5,717,366
Restricted	89,334,149	34,712,883	77,378,657	105,154,009	5,128,136	4,806,401	4,692,932	4,674,768	7,691,943	8,387,833
Assigned	1,677,041	691,535	720,646	-	3,559,997	-	-	-	-	-
Unassigned	-	-	-	-	-	816,337	119,133	-	-	-
Total All Other Governmental Funds	<u>\$ 95,027,437</u>	<u>\$ 38,821,114</u>	<u>\$ 81,915,098</u>	<u>\$ 108,925,116</u>	<u>\$ 9,020,146</u>	<u>\$ 7,572,486</u>	<u>\$ 7,170,777</u>	<u>\$ 5,988,868</u>	<u>\$ 8,957,164</u>	<u>\$ 14,105,199</u>
Total Governmental Funds	<u>\$ 127,797,389</u>	<u>\$ 72,340,769</u>	<u>\$ 108,683,835</u>	<u>\$ 132,222,199</u>	<u>\$ 33,291,891</u>	<u>\$ 34,015,342</u>	<u>\$ 32,037,035</u>	<u>\$ 31,098,949</u>	<u>\$ 32,154,167</u>	<u>\$ 37,339,417</u>

Source: School District Financial Records

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Prepared using the modified accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES:										
Local Sources	\$ 40,331,050	\$ 41,607,491	\$ 40,059,299	\$ 37,190,458	\$ 26,593,678	\$ 25,966,847	\$ 25,486,596	\$ 25,206,534	\$ 26,673,589	\$ 27,102,964
State Sources	77,311,216	74,618,326	80,321,690	73,631,724	66,229,193	65,899,733	65,164,498	60,264,753	54,034,431	49,150,133
Federal Sources	28,930,357	24,152,706	15,588,251	20,705,167	12,571,408	13,645,909	14,131,047	13,844,825	9,812,209	10,528,497
Total Revenues	<u>146,572,623</u>	<u>140,378,523</u>	<u>135,969,240</u>	<u>131,527,349</u>	<u>105,394,279</u>	<u>105,512,489</u>	<u>104,782,141</u>	<u>99,316,112</u>	<u>90,520,229</u>	<u>86,781,594</u>
EXPENDITURES:										
Current:										
Instruction	63,640,217	63,143,897	60,809,874	64,085,370	53,421,818	51,047,855	51,455,578	49,336,922	46,590,424	43,934,126
Supporting Services	59,367,559	26,549,699	28,194,528	27,431,495	21,850,229	21,161,122	20,991,718	20,681,573	19,724,174	18,549,302
Business Support Services	-	16,098,821	14,194,670	14,900,463	14,108,543	13,311,497	13,169,943	11,643,641	11,093,820	10,752,725
Building Improvement Services	41,983,114	45,045,604	32,012,355	24,946,799	1,745,836	2,920,094	3,015,983	1,243,602	5,159,590	3,660,348
Central Support Services	-	7,273,020	6,433,081	6,056,173	6,146,825	5,854,322	5,879,015	5,086,763	5,414,326	4,705,611
Food Service	4,305,842	3,472,055	4,927,458	4,858,425	4,299,529	4,435,892	4,633,834	5,707,347	-	-
Community Services	1,789,063	106,573	90,120	180,153	165,632	239,248	132,441	146,330	176,662	221,720
Debt Service:										
Principal	8,826,364	9,347,387	7,496,838	2,915,441	2,900,587	2,837,761	2,742,892	5,553,264	4,293,549	5,277,747
Interest on Long-term Debt	7,993,261	5,684,533	6,044,349	3,653,611	1,631,038	1,714,716	1,834,326	1,996,646	3,309,084	2,283,044
Total Expenditures	<u>187,905,420</u>	<u>176,721,589</u>	<u>160,203,273</u>	<u>149,027,930</u>	<u>106,270,037</u>	<u>103,522,507</u>	<u>103,855,730</u>	<u>101,396,088</u>	<u>95,761,629</u>	<u>89,384,623</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(41,332,797)</u>	<u>(36,343,066)</u>	<u>(24,234,033)</u>	<u>(17,500,581)</u>	<u>(875,758)</u>	<u>1,989,982</u>	<u>926,411</u>	<u>(2,079,976)</u>	<u>(5,241,400)</u>	<u>(2,603,029)</u>
OTHER FINANCING SOURCES (USES):										
Issuance of Bonds				100,000,000	15,767,307	-	-	-	-	-
Issuance of Capital Lease						-	-	60,223	56,150	126,843
Proceeds from the sale of bonds	90,630,000									
Premium (discount) on Bonds (debt) Issued	25,941,084			16,430,889	-	-	-	-	-	-
Leases (as lessee)	335,189									
Payments to Refunded Bond Escrow Agent	(13,316,856)	-	-	-	(15,615,000)	-	-	-	-	-
Proceeds from Sale of Capital Asset net	-	-	-	-	-	-	-	-	-	7,443,750
Contribution to charter schools	(5,500,000)									
Transfers In	15,407,669	-	-	-	-	-	-	-	-	-
Transfers Out	(16,707,669)	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>96,789,417</u>	<u>-</u>	<u>-</u>	<u>116,430,889</u>	<u>152,307</u>	<u>-</u>	<u>-</u>	<u>60,223</u>	<u>56,150</u>	<u>7,570,593</u>
Net Change in Fund Balance	<u>\$ 55,456,620</u>	<u>\$(36,343,066)</u>	<u>\$(24,234,033)</u>	<u>\$ 98,930,308</u>	<u>\$(723,451)</u>	<u>\$ 1,989,982</u>	<u>\$ 926,411</u>	<u>\$(2,019,753)</u>	<u>\$(5,185,250)</u>	<u>\$ 4,967,564</u>
Debt Service as a percentage of noncapital expenditures	10.7%	10.3%	10.4%	4.4%	4.3%	4.4%	4.4%	7.5%	8.4%	8.7%

Source: School District Financial Records

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial, Agricultural and Natural Resources Property	Vacant Land and Public Utilities Property	Total Taxable Assessed Value	Estimated Actual Taxable Value (1)	Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value	Assessment Rate Residential Property	Assessment Rate All Other Property
2022	\$ 390,585,880	\$ 342,475,600	\$78,188,310	\$ 25,547,930	\$ 836,797,720	\$ 7,811,678,182	40.799	10.7%	7.15	29.00
2021	\$ 313,705,400	\$ 292,795,630	\$64,710,250	\$ 22,651,720	\$ 693,863,000	\$ 6,266,723,670	48.394	11.1%	7.15	29.00
2020	\$ 309,210,040	\$ 301,513,320	\$81,828,220	\$ 24,814,760	\$ 717,366,340	\$ 6,341,861,207	47.227	11.3%	7.15	29.00
2019	\$ 244,904,720	\$ 272,308,650	\$105,323,460	\$ 21,242,980	\$ 643,779,810	\$ 5,377,005,775	48.333	12.0%	7.15	29.00
2018	\$ 241,910,230	\$ 264,377,280	\$110,111,390	\$ 21,663,340	\$ 638,062,240	\$ 5,324,931,020	33.118	12.0%	7.20	29.00
2017	\$ 231,271,620	\$ 238,597,390	\$72,865,160	\$ 20,521,560	\$ 563,255,730	\$ 4,640,269,232	36.278	12.1%	7.96	29.00
2016	229,423,610	232,431,110	71,190,000	32,174,060	565,218,780	4,581,894,510	36.414	12.3%	7.96	29.00
2015	209,847,890	230,577,690	70,162,150	32,336,250	542,923,980	3,499,319,175	36.997	15.5%	7.96	29.00
2014	208,329,110	232,612,120	75,194,090	33,379,810	549,515,130	3,485,400,775	41.334	15.8%	7.96	29.00
2013	212,483,180	233,275,240	72,479,410	33,177,790	551,415,620	3,543,955,290	41.344	15.6%	7.96	29.00

Source: El Paso County Assessor Office - Final Nov

(1) - Actual value is calculated by dividing the assessed valuation by the assessment rate.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Tax Year/ Collection Year	Harrison School District (1)					Overlapping Rates (2)											
	General Fund	Mill Levy Override	S.B. 184 (1)	Bond Fund	Total	El Paso County	City of Colorado Springs	Library District	Fire District Stratmoor Hills	Sanitation District Stratmoor Hills	Water District Stratmoor Hills	Springs Creek Special District	Garden Valley Sanitation & Water 1/2	Southeastern Colorado Water Conservancy	City of Fountain	Fountain GID #1	EPC Stratmoor Valley Streetlight PID
2021-22	15.720	7.0181	0.528	17.758	41.024	6.696	3.929	3.490	13.083	0.000	0	0.000	18.570	0.839	10.239	12.000	3.300
2020-21	15.720	8.409	2.038	22.227	48.394	7.692	4.279	3.855	13.810	0.000	0	0.000	16.061	0.942	10.239	12.000	3.300
2019-20	15.720	8.041	2.209	21.257	47.227	7.035	4.279	3.731	13.251	0.000	0	4.000	19.71	0.902	10.239	12.000	3.300
2018-19	16.337	8.850	2.089	21.057	48.333	8.068	4.279	4.000	13.483	0.000	0	6.000	12.766	0.944	10.239	12.000	3.300
2017-18	16.337	8.869	0.338	7.574	33.118	7.965	4.279	3.812	12.582	0.583	2.071	12.000	15.39	0.939	10.239	12.000	3.300
2016-17	17.977	10.022	0.279	8.000	36.278	7.589	4.279	3.957	12.811	0.578	2.105	20.000	15.492	0.940	10.239	12.000	3.300
2015-16	18.092	10.173	0.149	8.000	36.414	7.869	4.279	3.857	12.768	0.587	2.086	20.000	15.511	0.941	10.239	12.000	3.300
2014-15	18.092	10.590	0.315	8.000	36.997	7.791	4.279	4.000	12.686	0.578	1.974	20.000	14.791	0.940	10.290	12.000	3.300
2013-14	18.092	10.490	0.252	12.500	41.334	7.714	4.279	4.000	12.002	0.578	2.055	20.000	15.533	0.940	0.000	0.000	0.000
2012-13	18.092	10.427	0.325	12.500	41.344	7.663	4.279	4.000	12.423	0.573	2.088	20.000	13.972	0.944	0.000	0.000	0.000

Source: (1) HSD2 Certification of Mill Levies, (2) El Paso County Assessor; ABSTRACT OF ASSESSMENT

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
PRINCIPAL TAXPAYERS
JUNE 30, 2022 and JUNE 30, 2013

	2022			2013		
	Assessed Value	Rank	% of Total Value	Assessed Value	Rank	% of Total Value
DPIX LLC	13,173,590	1	1.6%	28,341,720	1	5.1%
Microchip Technology Inc	10,961,290	2	1.3%			
Ace Hardware	8,822,660	3	1.1%	5,917,460	5	1.1%
SAP America Inc	8,410,530	4	1.0%	14,543,280		2.6%
Zeppelin Road Industrial LLC	6,573,370	5	0.8%			
GRE Broadmoor LLC	6,198,950	6	0.7%	6,261,880	3	1.1%
Exelis Inc	4,900,700	7	0.6%			
BCORE Falcon Property Owner L	4,489,720	8	0.5%			
Swire Pacific Holdings Inc	4,199,630	9	0.5%			
RS Antero Brauburger LLC	4,158,550	10	0.5%			
Atmel Corporation				12,064,640	2	2.2%
Qwest Corporation				6,127,400	4	1.1%
Copt Newport D LLC				5,397,480	6	1.0%
RICKEMOH INC				4,641,890	7	0.8%
Aquiport Colorado Springs LLC				4,335,500	8	0.8%
GE Commercial Finance Bus.				3,828,000	9	0.7%
Branson Hotel Corporation				3,643,220	10	0.7%
Total	<u>\$ 71,888,990</u>		<u>8.6%</u>	<u>\$ 95,102,470</u>		<u>17.2%</u>
Total Assessed Valuation (1)	<u>\$ 836,797,720</u>			<u>\$ 551,415,620</u>		

Source: El Paso County Treasurer Office-Property Tax Statements

(1) See Schedule 5 for District property tax data

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
PROPERTY TAX LEVIES AND COLLECTIONS
GENERAL FUND
LAST TEN FISCAL YEARS

<u>Tax Year/ Collection Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Levy</u>	<u>Prior Years Delinquent Tax Collections</u>	<u>Total Tax Collection</u>	<u>Percent of Total Tax Levy</u>
2021-22	\$ 13,518,287	\$ 13,258,597	98.1%	\$ 578	\$ 13,259,175	98.1%
2020-21	\$ 13,312,299	\$ 12,057,005	90.6%	\$ 28,161	\$ 12,085,166	90.8%
2019-20	\$ 12,809,578	\$ 12,291,026	96.0%	\$ 9,666	\$ 12,300,692	96.0%
2018-19	\$ 11,971,721	\$ 11,119,848	92.9%	\$ 22,762	\$ 11,142,610	93.1%
2017-18	\$ 10,811,395	\$ 10,034,533	92.8%	\$ 2,047	\$ 10,036,580	92.8%
2016-17	\$ 10,474,416	\$ 10,386,680	99.2%	\$ 15,003	\$ 10,401,683	99.3%
2015-16	\$ 10,284,323	\$ 10,151,083	98.7%	\$ 498	\$ 10,151,582	98.7%
2014-15	\$ 9,967,537	\$ 9,925,870	99.6%	\$ 1,240	\$ 9,927,110	99.6%
2013-14	\$ 10,054,326	\$ 9,796,345	97.4%	\$ 1,128	\$ 9,797,473	97.4%
2012-13	\$ 10,155,421	\$ 10,010,412	98.6%	\$ 13,629	\$ 10,024,041	98.7%

Source: El Paso County Treasurer Office - Treasurer's Report of Activity for the Month

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Governmental Activities		Total Primary Government	Ratio of Total Debt		Percentage of Personal Income (3)
		Certificates of Participation	Capital Leases		Estimated Actual Property Value (1)	Total Debt per Membership (2)	
2022	\$ 220,912,125	\$ -	\$ -	\$ 220,912,125	2.8%	\$ 16,991.93	5.11%
2021	\$ 128,695,992	\$ -	\$ -	\$ 128,695,992	2.1%	\$ 11,047.81	3.51%
2020	\$ 139,223,284	\$ -	\$ -	\$ 139,223,284	2.2%	\$ 11,517	4.02%
2019	\$ 147,900,576	\$ -	\$ 7,872	\$ 147,908,448	2.8%	\$ 12,059	4.55%
2018	\$ 35,101,976	\$ -	\$ 33,313	\$ 35,135,289	0.7%	\$ 2,852	1.11%
2017	\$ 38,880,507	\$ -	\$ 82,351	\$ 38,962,858	0.8%	\$ 3,171	1.27%
2016	\$ 41,883,745	\$ -	\$ 176,318	\$ 42,060,063	0.9%	\$ 3,391	1.46%
2015	\$ 44,771,983	\$ -	\$ 287,029	\$ 45,059,012	1.3%	\$ 3,738	1.61%
2014	\$ 50,527,532	\$ -	\$ 327,952	\$ 50,855,484	1.5%	\$ 4,333	1.86%
2013	\$ 55,033,081	\$ -	\$ 357,337	\$ 55,390,418	1.6%	\$ 4,912	2.10%

Source: El Paso County Assessor Office
School District Records

GO Bonds + net bond premiums

- (1) - See Schedule 5 for the District property tax data.
(2) - See Schedule 16 for the District's membership data.
(3) - See Schedule 14 for Personal Income data.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Funds Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value (1)</u>	<u>Net Bonded Debt per Membership (2)</u>	<u>Percentage of Personal Income (3)</u>	<u>Per Capita (4)</u>
2022	\$ 220,912,125	\$ 10,854,580	\$ 210,057,545	2.7%	16,157	5.11%	299
2021	\$ 128,695,992	\$ 13,313,148	\$ 115,382,844	1.8%	9,905	3.51%	178
2020	\$ 139,223,284	\$ 12,555,017	\$ 126,668,267	2.0%	10,478	4.02%	195
2019	\$ 147,900,576	\$ 12,085,910	\$ 135,814,666	2.5%	11,073	4.55%	212
2018	\$ 35,101,976	\$ 5,128,136	\$ 29,973,840	0.6%	2,433	1.11%	49
2017	\$ 38,880,507	\$ 4,806,401	\$ 34,074,106	0.7%	2,773	1.27%	56
2016	\$ 41,883,745	\$ 4,692,932	\$ 37,190,813	0.8%	2,998	1.45%	61
2015	\$ 44,771,983	\$ 4,669,971	\$ 40,102,012	1.1%	3,327	1.60%	66
2014	\$ 50,524,532	\$ 7,691,943	\$ 42,832,589	1.2%	3,649	1.84%	76
2013	\$ 55,033,081	\$ 8,387,833	\$ 46,645,248	1.3%	4,137	2.08%	85

Source: El Paso County Assessor Office
School District Records

- (1) - See Schedule 5 for the District property tax data.
(2) - See Schedule 16 for the District's membership data.
(3) - See Schedule 14 for Personal Income data.
(4) - See Schedule 14 for Population data.

**EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2022**

	<u>Assessed Valuation</u>	<u>Debt Outstanding</u>	<u>Percent Applicable to School Dist.(2)</u>	<u>Gross Direct and Overlapping Debt</u>
Debt repaid with property taxes:				
Southeastern Colorado Water Cons. Dist	8,109,905,560	14,675,721	6.35%	\$ <u>931,908</u>
Subtotal Overlapping Debt				931,908
District Governmental Activities Direct Debt (1)				<u>220,912,125</u>
Total Direct and Overlapping Debt				<u>\$ 221,844,033</u>

Source: Assessed Valuations: El Paso County Assessor; Abstract Of Assessment
General Obligation Debt: Each individual entity

- (1) - See Schedule 9 for District governmental activities debt information.
 (2) - The percentage of each entity's outstanding debt attributable to the District is calculated by determining the proportionate amount of that entity that overlaps the District and dividing the assessed valuation of the overlapping portion of the District by the total assessed value of such overlapping entity.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Assessed Valuation-2022 (1)	\$ 836,797,720
Actual Value-2022 (1)	7,179,574,412

Debt Limitation Calculation--Greater of:

20% of Assessed Valuation	\$ 167,359,544
6% of Actual Value	430,774,465
Debt Limit	\$ 430,774,465
Total Bonded Debt	181,545,000
Legal Debt Margin	<u>\$ 249,229,465</u>

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt Limit	\$ 430,774,465	\$ 341,891,414	\$ 346,200,066	\$ 289,085,342	\$ 264,213,791	\$ 260,268,090	\$ 260,268,090	\$ 209,959,151	\$ 209,124,047	\$ 212,637,317
Total Gross Debt Applicable to Limit	<u>181,545,000</u>	<u>112,075,000</u>	<u>121,415,000</u>	<u>128,905,000</u>	<u>31,795,000</u>	<u>36,070,000</u>	<u>38,810,000</u>	<u>41,435,000</u>	<u>50,527,532</u>	<u>55,033,081</u>
Legal Debt Margin	<u>\$ 249,229,465</u>	<u>\$ 229,816,414</u>	<u>\$ 224,785,066</u>	<u>\$ 160,180,342</u>	<u>\$ 232,418,791</u>	<u>\$ 224,198,090</u>	<u>\$ 221,458,090</u>	<u>\$ 168,524,151</u>	<u>\$ 158,596,515</u>	<u>\$ 157,604,236</u>
Total Gross Debt Applicable to the Limit as a Percentage of Debt Limit	42.14%	32.78%	35.07%	44.59%	12.03%	13.86%	14.91%	19.73%	24.16%	25.88%

Source: El Paso County Assessor Office
School District Records

(1) - See Schedule 5 for the District property tax data.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
PRINCIPAL EMPLOYERS BY INDUSTRY
JUNE 30, 2022 and JUNE 30, 2013

	2022			2013		
	<u>Employees</u>	Rank	<u>% of Total Employees</u>	<u>Employees</u>	Rank	<u>% of Total Employees</u>
Health Care and Social Assistance	48,130	1	16.16%	33,299	1	13.66%
Accommodation and Food Services	33,747	2	11.33%	27,412	3	11.25%
Professional and Technical Services	31,869	3	10.70%	21,653	5	8.88%
Retail Trade	31,711	4	10.65%	29,767	2	12.21%
Educational Services	27,784	5	9.33%	26,449	4	10.85%
Construction	18,785	6	6.31%	12,033	8	4.94%
Administrative and Waste Services	17,347	7	5.82%	17,391	6	7.13%
Public Administration	14,788	8	4.96%	13,301	7	5.46%
Finance and Insurance	12,530	9	4.21%	11,676	9	4.79%
Manufacturing	11,884	10	3.99%	11,349	10	4.66%
Other Services, Ex. Public Admin	11,462	11	3.85%	9,439	11	3.87%
Transportation and Warehousing	10,555	12	3.54%	4,645	15	1.91%
Wholesale Trade	6,344	13	2.13%	4,949	14	2.03%
Information	5,626	14	1.89%	7,240	12	2.97%
Arts, Entertainment, and Recreation	5,425	15	1.82%	5,049	13	2.07%
Real Estate and Rental and Leasing	5,269	16	1.77%	4,078	16	1.67%
Utilities	2,455	17	0.82%	2,496	17	1.02%
Management of Companies and Enterprises	1,618	18	0.54%	1,134	18	0.47%
Agriculture, Forestry, Fishing & Hunting	408	19	0.14%	216	19	0.09%
Unclassified	85	20	0.03%	27	21	0.01%
Mining	46	21	0.02%	151	20	0.06%
Totals	<u>297,868</u>		<u>100.0%</u>	<u>243,754</u>		<u>100.0%</u>

Source: Colorado Department of Labor

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
EL PASO COUNTY DEMOGRAPHIC AND ECONOMIC INFORMATION
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>Median Household Income</u>	<u>Personal Income</u>	<u>Personal Per-Capita</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
2022	737,867	79,427	43,258,594	58,627	34.9	3.80%
2021	721,929	72,830	36,706,547	50,845	34.5	4.30%
2020	713,856	68,119	34,598,539	48,467	34.3	5.90%
2019	699,232	65,370	32,522,267	46,511	34.4	3.40%
2018	712,327	63,882	31,668,303	44,458	33.9	3.70%
2017	688,284	60,782	30,565,961	44,409	33.6	3.10%
2016	686,908	60,109	28,830,216	41,971	33.8	6.30%
2015	678,319	59,446	27,980,799	41,250	33.7	5.10%
2014	668,353	57,098	27,388,891	40,980	33.6	6.20%
2013	644,964	55,217	26,408,772	39,994	33.9	8.00%

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities:										
Instruction:										
Teachers	597.11	641.91	652.10	667.54	680.14	637.24	660.42	632.25	596.96	567.00
Aides	140.05	153.92	161.18	164.53	186.69	128.88	137.33	116.30	99.73	96.73
Tutors	-	2.25	6.50	7.57	10.50	6.75	7.50	14.90	14.90	-
Speech Pathologists	14.50	11.63	10.64	10.64	13.80	11.06	9.00	6.90	6.90	7.90
Total Instruction	751.66	809.71	830.42	850.28	891.13	783.93	814.25	770.35	718.49	671.63
Supporting Services:										
Administrators	52.71	61.50	66.00	62.50	52.00	54.00	58.60	61.00	59.00	57.10
Athletic Directors	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Athletic Trainers	0.60	0.60	0.60	1.20	1.00	1.00	1.00	1.00	1.00	1.00
Nurses	2.00	4.00	3.00	5.00	7.50	5.00	4.23	5.75	5.75	5.00
Coordinators	29.93	24.92	40.43	46.42	34.40	28.50	23.00	20.00	20.00	16.00
Secretaries	56.44	66.06	63.00	70.88	70.75	68.55	71.25	65.75	64.75	66.01
Aides	9.76	7.00	4.68	2.88	1.23	1.00	1.80	-	-	-
Technicians	7.00	3.00	5.00	6.00	3.25	0.80	2.00	3.50	2.50	2.50
Teachers on Special Assignment	3.00	2.00	2.00	2.00	5.00	1.00	5.00	5.70	4.35	5.00
Counselors	25.73	26.50	28.50	31.00	28.50	39.40	29.00	29.00	29.00	29.50
Health Aides	13.63	17.12	14.30	16.00	21.46	16.69	16.68	16.63	16.63	16.63
Supervisors	-	-	-	-	-	-	-	1.00	1.00	2.75
Managers	6.00	-	-	-	-	3.20	4.60	2.00	1.00	-
Psychologists	12.00	9.60	11.00	13.00	15.00	12.00	10.50	12.00	5.40	6.80
Therapists	6.50	7.00	9.00	9.00	7.00	5.00	5.70	2.40	1.00	5.68
Audiologists	-	-	-	-	-	0.50	1.50	0.88	0.88	-
Social Workers	21.00	13.00	12.00	11.00	13.00	9.00	8.00	9.00	7.00	7.60
Library Technicians	13.13	14.31	16.56	17.31	18.06	17.45	16.76	12.38	12.38	12.38
Library Assistants	-	-	-	-	-	-	-	4.39	3.51	3.50
Total Supporting Services	260.43	258.61	278.07	296.19	280.15	265.09	261.62	254.38	237.15	239.45
Business Support Services:										
Administrators	4.00	6.00	7.00	5.00	3.00	3.00	2.20	2.50	2.50	2.50
Coordinators	1.00	1.00	1.00	1.00	3.10	2.00	2.00	2.00	1.00	0.00
Secretaries	4.00	4.00	4.00	3.50	4.00	3.00	4.00	6.00	4.50	4.50
Technicians	24.00	12.00	17.00	12.00	11.00	9.00	8.00	6.00	6.25	8.25
Supervisors	3.00	2.00	2.00	2.00	2.00	4.00	2.00	3.00	3.00	4.00
Managers	5.00	2.00	2.00	2.00	1.00	2.00	2.00	1.20	-	-
Custodians	89.00	81.00	76.00	72.00	87.00	80.00	92.00	90.00	90.00	90.00
Skilled Craftmen	12.00	11.00	12.00	15.00	17.00	6.00	6.00	6.00	6.00	6.00
Security Guards	12.00	14.50	12.00	14.00	17.50	13.00	15.76	15.76	15.51	15.25
Bus Drivers	31.19	34.62	40.38	45.63	54.44	38.00	31.00	28.50	27.50	25.50
Total Business Support Services	185.19	168.12	173.38	172.13	200.04	160.00	164.96	160.96	156.26	156.00
Central Support Services:										
Administrators	5.00	5.00	5.00	5.00	6.00	6.00	5.80	5.50	5.50	4.50
Coordinators	5.00	2.00	2.00	1.00	1.75	1.00	1.00	-	-	1.00
Secretaries	10.00	8.00	8.00	8.00	6.00	4.00	5.63	4.63	5.13	4.00
Assistants	2.00	1.00	2.00	1.00	1.00	3.00	4.00	4.00	4.00	4.00
Technicians	16.00	9.50	11.00	13.00	17.50	17.50	16.00	18.00	18.75	20.00
Managers	9.00	8.00	7.00	9.00	8.00	6.00	5.00	1.00	2.00	1.00
Total Central Support Services	47.00	33.50	35.00	37.00	40.25	37.50	37.43	33.13	35.38	34.50
Food Services:										
Secretaries	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Supervisors	3.00	1.00	1.00	1.00	2.00	1.00	1.00	1.00	1.00	1.00
Managers	15.43	17.16	20.38	19.18	19.94	18.94	20.00	19.80	19.69	19.69
Technicians	1.00	2.00	1.00	2.00	4.00	1.00	2.00	2.00	2.00	2.00
Assistants	26.42	30.06	33.94	37.44	42.26	42.56	52.18	43.19	43.19	43.19
Total Food Service	47.85	51.22	57.32	60.62	69.20	64.50	76.18	66.99	66.88	66.88
Total	1,292.13	1,321.16	1,374.17	1,416.22	1,480.77	1,311.02	1,354.44	1,285.81	1,214.16	1,168.46

Source: School District Financial Records

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
OPERATING INFORMATION
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>District Membership (1)</u>	<u>School Enrollment (2)</u>	<u>Funded Pupil Count (3)</u>	<u>Cost per Enrollment</u>	<u>% Membership Free Lunch</u>	<u>% Membership Reduced Lunch</u>	<u>Student Teacher Ratio (4)</u>
2022	13,001	12,981.0	13,138.0	\$7,480	51.58%	9.12%	21.74
2021	11,649	11,177.0	11,116.5	\$7,559	68.01%	5.84%	17.41
2020	12,089	11,543.0	11,576.5	\$8,264	65.71%	9.50%	17.70
2019	12,265	11,735.0	11,288.0	\$9,010	61.15%	12.06%	17.58
2018	12,319	11,771.0	11,361.5	\$14,641	62.72%	12.15%	16.70
2017	12,286	11,746.0	11,370.0	\$13,763	65.07%	11.00%	18.43
2016	12,328	11,371.5	11,466.9	\$10,364	62.32%	9.15%	17.22
2015	12,054	11,057.0	10,974.3	\$10,235	64.69%	9.77%	17.49
2014	11,737	10,759.0	10,847.9	8,771	65.02%	9.06%	18.02
2013	11,276	10,306.0	10,396.9	8,612	63.48%	10.02%	18.18

Source: School District Financial Records

(1) - District Membership reflects October count of year indicated (not funded pupil count).

(2) - Reflects October FTE Pupils (including Preschool) as reported to Colorado Department of Education.

(3) - Reflects FTE funded by Colorado Department of Education.

(4) - See Schedule 15 for Teacher FTE.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
CAPITAL ASSETS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities:										
Instruction	\$ 216,599,720	\$ 135,725,704	\$ 134,913,306	\$ 131,241,531	\$ 131,714,490	\$ 131,713,745	\$ 129,831,765	\$ 127,560,965	\$ 127,050,822	\$ 126,699,369
Supporting Services	5,818,099	5,818,099	5,207,982	3,103,920	2,083,191	2,137,298	2,117,297	2,198,752	2,339,326	2,352,196
Business Support Services	13,525,520	13,450,520	13,782,453	8,812,930	8,875,073	8,271,956	7,755,744	7,345,914	7,101,618	7,126,931
Central Support Services	6,206,569	6,206,569	6,208,834	6,076,911	6,119,989	6,174,301	8,873,436	8,878,170	8,854,496	5,353,934
Food Service	3,691,477	2,191,477	2,213,199	1,332,734	1,344,502	1,333,315	1,194,659	1,177,663	-	-
Business-type Activities:										
Food Service	-	-	-	-	-	-	-	-	1,910,871	1,796,053
Total	<u>\$ 245,841,385</u>	<u>\$ 163,392,369</u>	<u>\$ 162,325,774</u>	<u>\$ 150,568,026</u>	<u>\$ 150,137,245</u>	<u>\$ 149,630,615</u>	<u>\$ 149,772,901</u>	<u>\$ 147,161,464</u>	<u>\$ 147,257,133</u>	<u>\$ 143,328,483</u>

Source: School District Financial Records

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
SCHEDULE OF INSURANCE IN FORCE
FOR THE YEAR ENDED JUNE 30, 2022

Company	Policy Number	Policy Period		Coverage	Liability Limits	Deductible	Annual Premium
		From	To				
Colorado School Districts Self Insurance Pool	2167-21-00207	07/01/21	07/01/22	School Entity Liability (SEL) Includes General Liability, Errors & Omissions & Employment Practices Liability Coverages Employee Benefits Liability Coverage	\$5,000,000 per 0,000 per occurrence/\$500,000 annual aggregate	\$5,000 \$5,000	\$148,147 Included
	Same as Above			Property Coverage Buildings & Contents Wind and Hail Inland Marine Computer Equip./Software Musical Instruments Audio Visual/Cameras Radio & TV Antennas Signs Fine Arts Band Uniforms District Owned Contractor Equipment Valuable Papers Fire Damage Auto Physical Damage (APD) Auto Terminal Coverage Garage Operations Coverage Builders Risk Extension - Property	\$436,939,380 Total Insured Value Included Included Included Included Included Included Included Included Included Included Included Included \$500,000 Per Vehicle Schedule Per Vehicle Schedule \$100,000 \$1,000,000	\$5,000 Same as Property Same as Property Same as Property Same as Property Same as Property Same as Property Same as Property Same as Property Same as Property Same as Property Same as Property Same as Property \$1,000 \$500/\$1,000 \$250/\$500 \$5,000	\$838,055 Included Included Included Included Included Included Included Included Included Included Included Included Included \$18,429 \$6,969 \$361 Included
	Same as Above			Boiler/Machinery (B/M) Extra Expense Food Spoilage Builders Risk Extension - Equip	\$250,000,000 Included Included \$5,000,000	\$1,000 Same as B/M Same as B/M Same as B/M	\$37,660 Included Included Included
	Same as Above			Business Auto Liability Auto Medical Payment Coverage	\$2,000,000 \$5,000 per person	\$1,000 \$0	\$52,767 Included
	Same as Above			Primary Crime Coverage	\$100,000	\$500	\$690
The Hanover Insurance Company	BD41851441	07/01/21	07/01/22	Excess Crime Coverage	\$1,000,000	\$100,000	Included
Hiscox	UTS2521684.21	07/01/21	07/01/22	Nuclear, Chemical, Biological, Biochemical Acts of Terrorism Section 1 - Property Coverage Section 2 - Business Income & Extra Section One - Terrorism Liability	\$10,000,000 TIV up to \$10,000,000 TIV up to \$10,000,000 \$10,000,000	\$5,000 \$5,000 \$5,000	Included Included Included Included
Chubb & ACE American Insurance Company	EON G25676683	07/01/21	07/01/22	Cyber Enterprise Risk Management	100,000 per breach/\$1,000,000 annual aggregate	\$5,000	Included
Allianz Global Risks US Insurance Company	USL00890521	07/01/21	07/01/22	Pollution & Remediation Legal Liability	1,000 per occurrence/\$1,000,000 Annual Aggregate	\$5,000	Included
Pinnacol Assurance	4132463	07/01/21	07/01/22	Workers' Compensation	\$100,000/\$500,000/\$100,000	\$17,000	\$212,452
Kaiser Permanente HMO 20 Plus	47139	07/01/21	07/01/22	Fully-Insured HMO Network			
Kaiser Permanente DHMO 2000 20% Plus	47139	07/01/21	07/01/22	Fully-Insured DHMO Network			
Kaiser Permanente KP Select DHMO 3000 20%	47139	07/01/21	07/01/22	Fully-Insured DHMO Network			
Delta Dental PPO	01207	07/01/21	07/01/22	Dental Coverage			
Delta Dental EPO	6719	07/01/21	07/01/22	Dental Coverage			
Lincoln Financial	HARRISSCH2	07/01/21	07/01/22	Long Term Disability			
Lincoln Financial	HARRISSCH2	07/01/21	07/01/22	Life Insurance			
Vision Service Plan	HARRISSCH2	07/01/21	07/01/22	Voluntary Group Vision Plan			

Source: School District Financial Records

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
SCHOOL BUILDING INFORMATION
LAST TEN YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Elementary											
Bricker (1980)											
Square feet	56,186	56,186	56,186	56,186	56,186	56,186	56,186	56,186	56,186	56,186	56,186
Capacity	588	588	588	588	588	588	588	588	588	588	588
Enrollment	267	309	346	392	394	354	378	435	391	407	368
Centennial (1972)											
Square feet	57,670	57,670	57,670	57,670	57,670	57,670	57,670	57,670	57,670	57,670	57,670
Capacity	651	651	651	651	651	651	651	651	651	651	651
Enrollment	343	367	439	515	526	527	564	560	571	512	486
Chamberlin Academy (1957)											
Square feet	41,872	41,872	41,872	41,872	41,872	41,872	41,872	41,872	41,872	41,872	41,872
Capacity	357	357	357	357	357	357	357	357	357	357	357
Enrollment	324	332	321	327	330	297	388	279	220	225	0
Giberson (1975)											
Square feet	59,245	59,245	59,245	59,245	59,245	59,245	59,245	59,245	59,245	59,245	59,245
Capacity	651	651	651	651	651	651	651	651	651	651	651
Enrollment	325	352	385	420	384	376	405	444	397	345	344
Monterey (1969)											
Square feet	51,605	51,605	51,605	51,605	51,605	51,605	51,605	51,605	51,605	51,605	51,605
Capacity	630	630	630	630	630	630	630	630	630	630	630
Enrollment	248	267	323	354	404	415	455	470	430	382	427
Oak Creek (1983)											
Square feet	58,458	58,458	58,458	58,458	58,458	58,458	58,458	58,458	58,458	58,458	58,458
Capacity	567	567	567	567	567	567	567	567	567	567	567
Enrollment	190	212	208	236	255	291	342	325	320	316	328
Otero (1987)											
Square feet	55,500	55,500	55,500	55,500	55,500	55,500	55,500	55,500	55,500	55,500	55,500
Capacity	567	567	567	567	567	567	567	567	567	567	567
Enrollment	283	283	317	337	345	365	380	405	353	442	443
Pikes Peak (1964)											
Square feet	51,135	51,135	51,135	51,135	51,135	51,135	51,135	51,135	51,135	51,135	51,135
Capacity	525	525	525	525	525	525	525	525	525	525	525
Enrollment	307	327	355	343	392	433	506	452	450	447	443
Soaring Eagles (2003)											
Square feet	58,104	58,104	58,104	58,104	58,104	58,104	58,104	58,104	58,104	58,104	58,104
Capacity	630	630	630	630	630	630	630	630	630	630	630
Enrollment	538	546	559	554	562	541	556	570	585	559	594
Stratmoor Hills (1963)											
Square feet	47,800	47,800	47,800	47,800	47,800	47,800	47,800	47,800	47,800	47,800	47,800
Capacity	546	546	546	546	546	546	546	546	546	546	546
Enrollment	213	197	188	218	233	264	312	302	296	299	322
Stratton Meadows (1953)											
Square feet	56,893	56,893	56,893	56,893	56,893	56,893	56,893	56,893	56,893	56,893	56,893
Capacity	630	630	630	630	630	630	630	630	630	630	630
Enrollment	355	305	356	372	359	346	394	398	390	416	420

Source: School District Records

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
SCHOOL BUILDING INFORMATION (CONTINUED)
LAST TEN YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Elementary (continued)											
Turman (1987)											
Square feet	55,500	55,500	55,500	55,500	55,500	55,500	55,500	55,500	55,500	55,500	55,500
Capacity	588	588	588	588	588	588	588	588	588	588	588
Enrollment	196	218	254	235	262	275	437	335	354	344	313
Wildflower (1983)											
Square feet	55,500	55,500	55,500	55,500	55,500	55,500	55,500	55,500	55,500	55,500	55,500
Capacity	609	609	609	609	609	609	609	609	609	609	609
Enrollment	411	400	458	464	465	484	476	530	527	441	402
K-8											
Mountain Vista (2005)											
Square feet	89,000	89,000	89,000	89,000	89,000	89,000	89,000	89,000	89,000	89,000	89,000
Capacity	693	693	693	693	693	693	693	693	693	693	693
Enrollment	576	548	550	587	621	616	610	561	554	484	645
Sand Creek (1996)											
Square feet	91,785	91,785	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128
Capacity	750	750	609	609	609	609	609	609	609	609	609
Enrollment	590	571	505	468	485	522	505	519	529	569	555
Middle											
Carmel (1970)											
Square feet	100,405	100,405	109,737	109,737	109,737	109,737	109,737	109,737	109,737	109,737	109,737
Capacity	600	600	840	840	840	840	840	840	840	840	840
Enrollment	331	311	346	369	368	400	445	396	415	407	427
Fox Meadow (2004)											
Square feet	131,015	131,015	131,015	131,015	131,015	131,015	131,015	131,015	131,015	131,015	131,015
Capacity	945	945	945	945	945	945	945	945	945	945	945
Enrollment	499	573	583	638	640	603	585	518	532	522	525
Panorama (1973)											
Square feet	139,527	139,527	139,527	139,527	139,527	139,527	139,527	139,527	139,527	139,527	139,527
Capacity	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260
Enrollment	469	562	619	610	538	486	488	545	493	493	518
High											
Harrison (1966)											
Square feet	220,060	220,060	220,060	220,060	220,060	220,060	220,060	220,060	220,060	220,060	220,060
Capacity	1,533	1,533	1,533	1,533	1,533	1,533	1,533	1,533	1,533	1,533	1,533
Enrollment	1,129	1,108	1,075	1,049	995	965	965	905	815	840	856
Harrison Athletic Fieldhouse (2007)											
Square feet	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Capacity	150	150	150	150	150	150	150	150	150	150	150
Enrollment	0	0	0	0	0	0	0	0	0	0	0
Sierra (1985)											
Square feet	208,750	208,750	208,750	208,750	208,750	208,750	208,750	208,750	208,750	208,750	208,750
Capacity	1,470	1,470	1,470	1,470	1,470	1,470	1,470	1,470	1,470	1,470	1,470
Enrollment	987	858	913	875	785	873	928	921	865	872	861
Other											
Gorman Education Center (1959) sold January 2013											
Square feet	0	0	0	0	0	0	0	0	0	0	99,250
Capacity	0	0	0	0	0	0	0	0	0	0	483
Enrollment	0	0	0	0	0	0	0	0	0	0	93

Source: School District Records

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
TEACHER SALARY INFORMATION BY FTE
FISCAL YEAR ENDING JUNE 30, 2022

<u>Step</u>	<u>Level</u>	<u>Salary</u>	<u>Teacher FTE</u>
1	BA	\$44,023	232.4
2	BA +12	\$44,904	40.9
3	BA +24	\$45,802	29.4
4	BA +36	\$46,718	20.5
5	BA +48	\$47,652	20.0
6	EdD/PhD	\$48,605	5.0
7	EdS/MA +36	\$49,577	9.0
8	MA	\$50,569	150.5
9	MA +12	\$51,580	43.1
10	MA +24	\$52,612	24.0
11	MA +48	\$53,664	4.0
12	MA +60	\$54,738	3.5
			<hr/> 582.2

Source: School District Records

COMPLIANCE SECTION

SINGLE AUDIT

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Additional Award Identification	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture					
<i>Child Nutrition Cluster</i>					
Passed Through Colorado Department of Education					
School Breakfast Program	10.553		5553	\$ -	923,421
National School Lunch Program	10.555		4555, 5555, 6555		4,262,425
Summer Food Service Program for Children	10.559		4559		54,200
Passed Through Colorado Department of Human Services					
National School Lunch Program	10.555		4555		450,979
<i>Total Child Nutrition Cluster</i>					<u>5,691,025</u>
Passed Through Colorado Department of Education					
State Pandemic Electronic Benefit Transfer (P-EBT)	10.649	COVID-19	4649		<u>5,814</u>
<i>Forest Service Schools and Roads Cluster</i>					
Passed Through El Paso County, Colorado					
National Forest Land Payments	10.665		7665		<u>818</u>
<i>Total Forest Service Schools and Roads Cluster</i>					<u>818</u>
<i>Total U.S. Department of Agriculture</i>					<u>5,697,657</u>
U.S. Department of Defense					
Direct Programs					
Reserve Officer Training Corps (ROTC)	12.Unknown				<u>64,368</u>
U.S. Department of the Treasury					
Passed Through Colorado Department of Education					
Coronavirus Relief Fund	21.019	COVID-19	4012		<u>2,868</u>
U.S. Department of Education					
Direct Programs					
Impact Aid	84.041				<u>151,061</u>
Passed Through Colorado Department of Education					
<i>Special Education Cluster</i>					
Special Education: Grants to States (IDEA Part B)	84.027		4027, 6027		2,814,133
Special Education: Preschool Grants	84.173		4173		<u>101,794</u>
<i>Total Special Education Cluster</i>					<u>2,915,927</u>
Adult Education	84.002		5002		42,797
Title I Grants to LEAs, Title I, Part A	84.010		4010		4,398,597
Public Charter School Grant	84.242		5282, 8282		337,104
English Language Acquisition Grants, Title III, Part A	84.365		4365, 7365		112,783
Supporting Effective Instruction, Title II, Part A	84.367		4367		481,340
Comprehensive Literacy Development	84.371		5371		120,109
Student Support and Academic Enrichment Program	84.424A		4424		173,953
Education Stabilization Fund					
ESSER II	84.425D	COVID-19	4420, 4425, 5525		8,798,969
ESSER III	84.425I	COVID-19	4437		7,492
ESSER III	84.425U	COVID-19	4414, 4431		5,138,679
ARP Homeless Children and Youth (ARP-HCY)	84.425W	COVID-19	8246		7,903
Passed through Colorado Community College System					
Vocational Education - Carl Perkins	84.048		4048		<u>127,815</u>
<i>Total U.S. Department of Education</i>					<u>22,814,529</u>
U.S. Department of Health and Human Services					
Passed Through Colorado Department of Education					
Cooperative Agreement for Emergency Response:					
CDC Nursing Workforce	93.354	COVID-19	7354	-	<u>12,123</u>
<i>Total U.S. Department of Health and Human Services</i>				-	<u>12,123</u>
Total Federal Awards				<u>\$ -</u>	<u>28,591,545</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of El Paso County School District No. 2 - Harrison under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of El Paso County School District No. 2 - Harrison, it is not intended to and does not present the financial position, changes in net position, or cash flows of El Paso County School District No. 2 - Harrison.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available. ROTC does not have an ALN number, so the Federal ALN number on the Schedule of Expenditures of Federal Awards identifies the Department followed by "Unknown".

NOTE 3 – INDIRECT COST RATE

El Paso County School District No. 2 - Harrison has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – NON-CASH ASSISTANCE

During the year end June 30, 2022, El Paso County School District No. 2 - Harrison received \$450,979 in non-cash assistance in the form of food commodities. Valuation of commodities is based on fair market value at the time of receipt.



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

To the Board of Education
El Paso County School District No. 2 - Harrison

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of El Paso County School District No. 2 - Harrison, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise El Paso County School District No. 2 - Harrison's basic financial statements and have issued our report thereon dated March 1, 2023. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with those component units.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered El Paso County School District No. 2 - Harrison's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of El Paso County School District No. 2 - Harrison's internal control. Accordingly, we do not express an opinion on the effectiveness of El Paso County School District No. 2 - Harrison's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether El Paso County School District No. 2 - Harrison's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

El Paso County School District No. 2 - Harrison's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the El Paso County School District No. 2 - Harrison's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. El Paso County School District No. 2 - Harrison's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Hoelting & Company Inc.

Colorado Springs, Colorado
March 1, 2023



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

To the Board of Education
El Paso County School District No. 2 - Harrison

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited El Paso County School District No. 2 - Harrison's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of El Paso County School District No. 2 - Harrison's major federal programs for the year ended June 30, 2022. El Paso County School District No. 2 - Harrison's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, El Paso County School District No. 2 - Harrison complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of El Paso County School District No. 2 - Harrison and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of El Paso County School District No. 2 - Harrison's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to El Paso County School District No. 2 - Harrison's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on El Paso County School District No. 2 - Harrison's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about El Paso County School District No. 2 - Harrison's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 El Paso County School District No. 2 - Harrison's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of El Paso County School District No. 2 - Harrison's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of El Paso County School District No. 2 - Harrison's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Hoelting & Company Inc.

Colorado Springs, Colorado
March 1, 2023

**EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
 - Significant deficiency(ies) identified? ☒ yes ☐ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs?

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ yes ☒ no

Identification of major programs:

ALN Number(s)

Name of Federal Program or Cluster

ALN 10.553, 10.555 & 10.559
ALN 84.367
ALN 84.425

Child Nutrition Cluster
Improving Teacher Quality State Grants
Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs?

\$857,746

Auditee qualified as low-risk auditee?

☒ yes ☐ no

**EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section II—Financial Statement Findings

2022-001 Year-End Closing Procedures

Criteria: Year-end closing procedures should include a review of all significant transaction classes to ensure that all activities are recorded timely, and are complete and accurate. A closing process should be in place that requires all significant transaction classes to be reconciled to supporting schedules at or near year-end.

Condition: We noted significant transaction classes that included activities that were incomplete and were not reconciled to supporting schedules at or near year-end, including charter school account reconciliations, grant reconciliations, and capital asset schedules.

Context: This finding was noted during substantive testing of balance sheet and other significant accounts.

Effect: Significant delay in completion of the audit and in providing complete and accurate financial information to stakeholders.

Cause: Lack of effective closing procedures.

Recommendation: We recommend that management develop year-end closing procedures that provide for all significant transaction classes to be reconciled to supporting schedules at or near year-end.

Management response: Management will continue to implement procedures that provide for improved closing processes as staffing allows.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Section II—Financial Statement Findings (continued)

2022-002 Maintaining the Capital Assets Subledger

Criteria: A capital asset subledger should be maintained that includes a detailed schedule of capital assets that is easily reconciled to the general ledger.

Condition: Current year additions to and deletions from the capital asset subledger were incomplete and the district finance staff was unable to provide a complete listing until more than five months after year-end. The finance staff was unable to generate a detailed schedule of capital assets.

Context: This was noted through audit procedures performed to test capital asset balances.

Effect: Lack of historical support for capital assets.

Cause: The general ledger software used by the finance department is not being fully utilized to maintain the capital asset subledger.

Recommendation: We recommend the finance department utilize their general ledger software to create a complete capital asset subledger that would provide complete reports and pursue training opportunities for personnel to update the capital asset subledger throughout the year.

Management response: Management will consider software solutions that would provide complete capital asset reporting and consider training opportunities for personnel in the use of that software.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the El Paso County School District No. 2 - Harrison Schedule of Findings and Questioned Costs for the year ended June 30, 2021. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2022 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

There were no prior year audit findings.



CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2022

2022-001 Year-End Closing Procedures

Criteria: Year-end closing procedures should include a review of all significant transaction classes to ensure that all activities are recorded timely, and are complete and accurate. A closing process should be in place that requires all significant transaction classes to be reconciled to supporting schedules at or near year-end.

Condition: We noted significant transaction classes that included activities that were incomplete and were not reconciled to supporting schedules at or near year-end, including charter school account reconciliations, grant reconciliations, and capital asset schedules.

Management response and Planned Corrective Action: Management will continue to implement procedures that provide for improved closing processes as staffing allows.

Responsibility for Corrective Action: Shelley Becker, CFO

Anticipated Completion Date: Spring 2023

2022-002 Maintaining the Capital Assets Subledger

Criteria: A capital asset subledger should be maintained that includes a detailed schedule of capital assets that is easily reconciled to the general ledger.

Condition: Current year additions to and deletions from the capital asset subledger were incomplete and the district finance staff was unable to provide a complete listing until more than six months after year-end. The finance staff was unable to generate a detailed schedule of capital assets.

Management Response and Planned Corrective Actions: Management will consider software solutions that would provide complete capital asset reporting and consider training opportunities for personnel in the use of that software.

Responsibility for Corrective Action: Shelley Becker, CFO

Anticipated Completion Date: Spring 2023

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. 2 - Harrison

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 2 - Harrison, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the El Paso County School District No. 2 - Harrison's basic financial statements as listed in the table of contents. Our report thereon, dated March 1, 2023, 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. 2 - Harrison'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
March 3, 2023



Colorado Department of Education
Auditors Integrity Report
 District: 0980 - Harrison 2
 Fiscal Year 2021-22
 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	33,331,659	94,916,616	95,722,002	32,526,273
18 Risk Mgmt Sub-Fund of General Fund	187,996	1,784,085	1,807,041	165,040
19 Colorado Preschool Program Fund	0	2,060,625	2,141,312	-80,687
Sub- Total	33,519,655	98,761,326	99,670,355	32,610,626
11 Charter School Fund	30,585,995	49,600,845	41,271,108	38,915,733
20,26-29 Special Revenue Fund	3,683,320	26,853,922	40,760,128	-10,222,886
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	1,817,369	5,957,720	4,274,582	3,500,507
22 Govt Designated-Purpose Grants Fund	0	23,163,828	23,163,828	0
23 Pupil Activity Special Revenue Fund	28,881	193,472	196,283	26,070
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	13,313,148	26,999,548	29,458,116	10,854,580
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	22,152,414	103,077,198	46,557,455	78,672,156
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	846,649	1,081,164	443,358	1,484,454
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	105,947,430	335,689,023	285,795,213	155,841,240
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	-905,790	1,300,000	165,043	229,168
Totals	-905,790	1,300,000	165,043	229,168
Fiduciary				
70 Other Trust and Agency Funds	349,759	743,951	64,258	1,029,452
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	349,759	743,951	64,258	1,029,452

FINAL



Issued by: EL PASO COUNTY SCHOOL DISTRICT NO. 2-HARRISON

**1060 Harrison Road
Colorado Springs, Colorado 80905**

February 2023