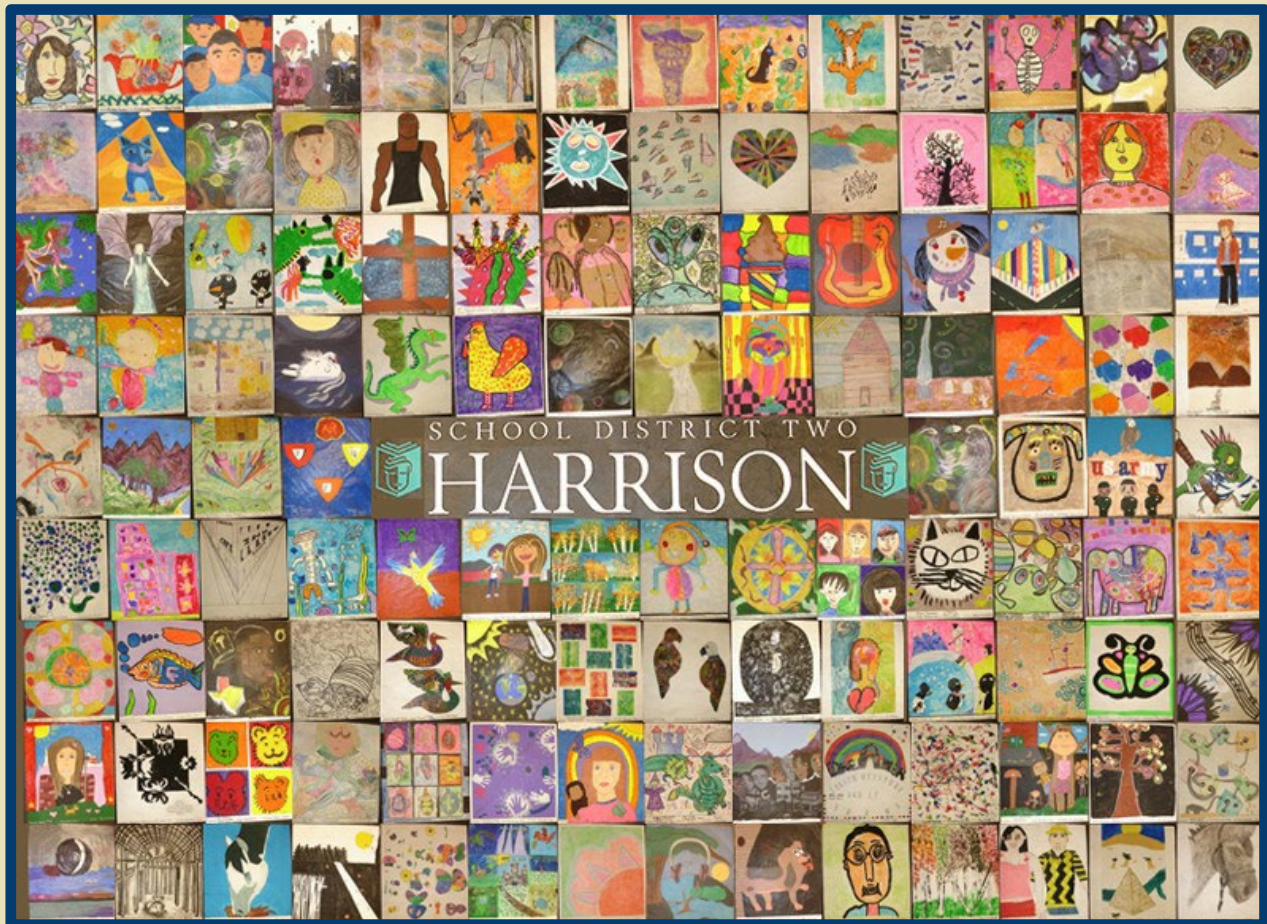


ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021



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, 2021

Prepared By

**Financial Services Department
1060 Harrison Road
Colorado Springs, Colorado 80905
(719) 579-2037**

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
ANNUAL COMPREHENSIVE FINANCIAL REPORT
JUNE 30, 2021

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February 17, 2022

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, 2021.

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, 2021. 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 two 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 and Atlas Preparatory School. Please see the accompanying notes to the financial statements for more detailed information.

During the 2020-2021 fiscal year the District served 11,117 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 2020-2021 was 8,682 or 78% of student FTE. Projected student enrollment for the 2021-2022 school year is projecting to be flat, 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 2022:

- State employment projected to rebound to pre-recession levels in 2022
- 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.

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 the past year. 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.

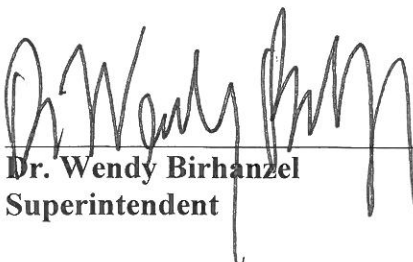

Acknowledgments

The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of District staff. Also, a 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

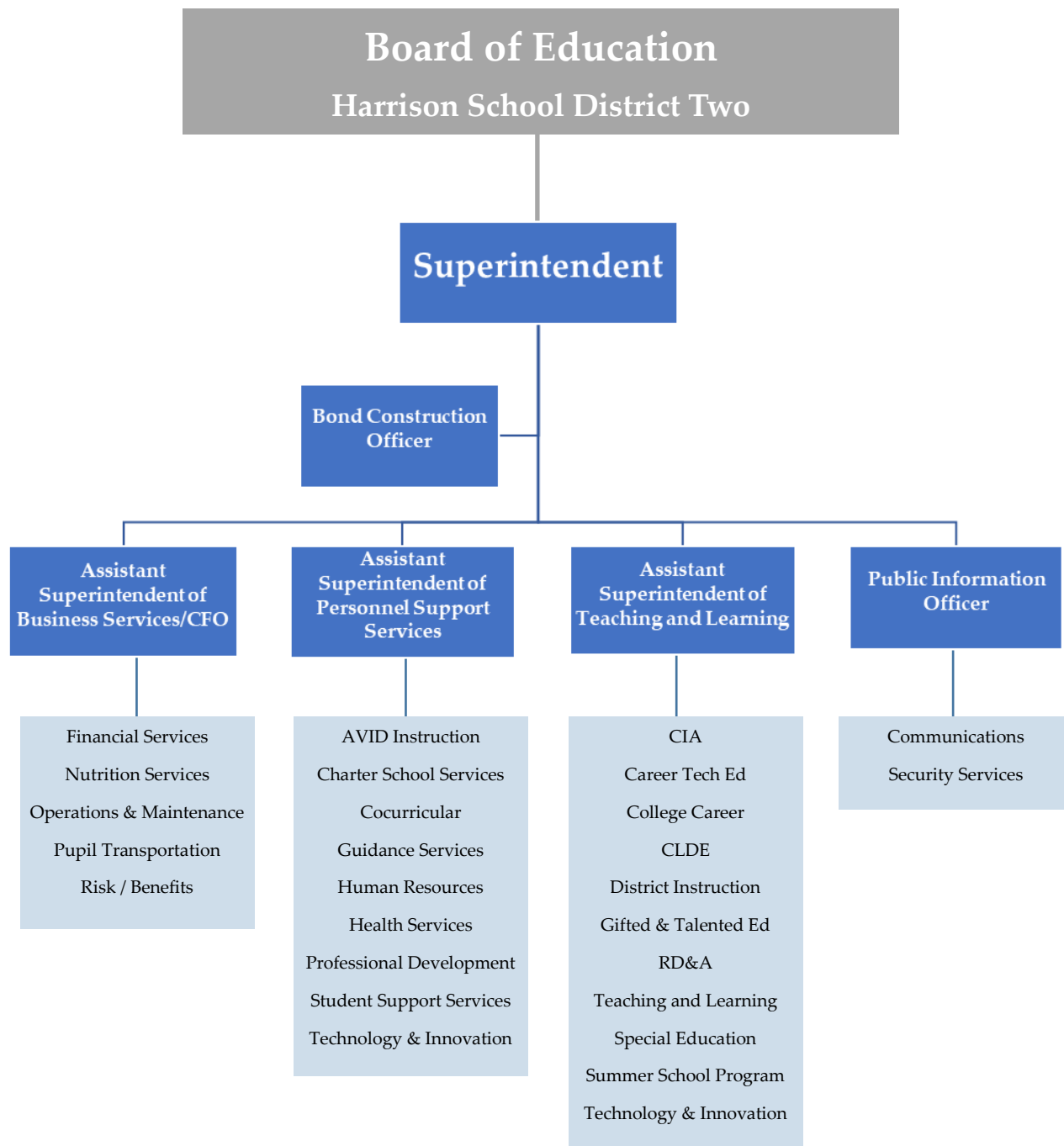
Dr. Wendy Birhanzel, Superintendent

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





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Harrison School District Two

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020.**

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



W. Edward Chabal
President

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**El Paso County School District No. 2 - Harrison
Colorado**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' 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 El Paso County School District No. 2 - Harrison, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and the Designated Purpose Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso County School District No. 2 - Harrison's basic financial statements. The introductory section, supplemental information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2022, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering El Paso County School District No. 2 - Harrison's internal control over financial reporting and compliance.

Hoelting & Company Inc.

Colorado Springs, Colorado
February 17, 2022

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 Annual Comprehensive Financial Report (ACFR) this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. 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 \$123,707,521 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 \$72,340,769.
- The *Governmental Funds* reported total fund balance includes restricted fund balance of \$37,762,883, unassigned fund balance of \$17,673,964 committed fund balance of \$12,278,449 assigned fund balance of \$4,381,949 and non-spendable fund balance of \$243,524. All of the unassigned balances are reported in the General Fund.
- The District total long-term liabilities increased by \$6,435,236 during the current fiscal year.

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, Title I Grants Fund and Debt Service 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 Health 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 pupil activity, clubs and money donated 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 \$123,707,521 resulting in a deficit net position at the close of the fiscal year ending June 30, 2021.
- \$35,291,825 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 \$16,363,148 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 \$175,362,494.

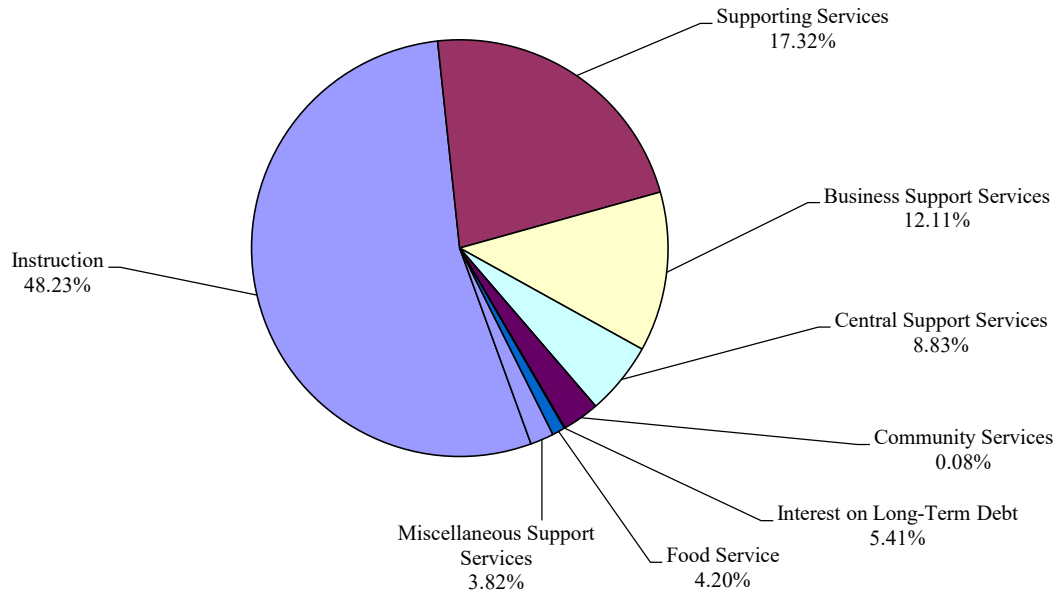
Governmental Activities

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

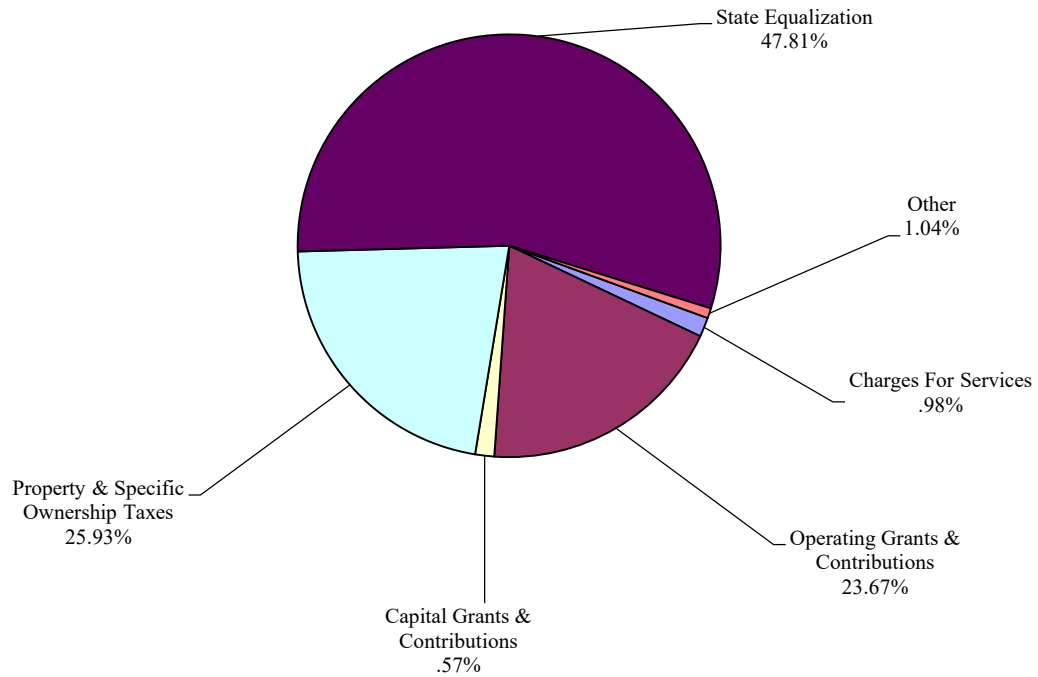
EL PASO COUNTY SCHOOL DISTRICT NO. 2 – HARRISON NET POSITION		
	Governmental Activities	
	2020	2021
Current and other assets	\$137,847,640	\$95,758,716
Capital assets	102,550,040	141,719,963
Total assets	240,686,209	237,478,679
Deferred outflow of resources	23,206,932	52,745,615
Non-current liabilities	306,942,787	313,378,023
Other liabilities	25,323,945	24,180,592
Total liabilities	332,266,732	337,558,615
Deferred inflow of resources	108,490,531	76,373,200
Net position:		
Net investment in capital assets	29,120,792	35,291,825
Restricted	16,400,877	16,363,148
Unrestricted	(222,268,542)	(175,362,494)
Total net position	\$ (177,037,206)	\$(123,707,521)

- The total net position of the District increased by \$53,329,685 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 an increase in the deferred pension outflows increasing from \$21,669,304 to \$51,379,774 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	
	2020	2021
Program Revenues		
Charges for services	\$ 2,403,302	\$ 1,353,488
Operating grants and contributions	23,989,355	32,611,984
Capital grants and contributions	974,109	792,385
General Revenues		
Property and specific ownership taxes	34,250,362	35,735,115
State equalization	70,042,776	65,884,180
Other	3,729,265	1,437,656
Total Revenues	135,562,253	137,814,808
Expenses:		
Instruction	46,724,294	40,750,407
Supporting services	20,032,989	14,631,216
Business support services	10,660,744	10,231,281
Central support services	5,582,867	7,457,075
Community services	148,611	68,141
Interest on long-term debt	4,935,839	4,572,873
Miscellaneous Support Services	2,506,679	3,226,406
Food service	4,795,740	3,547,724
Total Expenses	95,387,763	84,485,123
Increase (decrease) in net position	40,001,406	53,329,685
Beginning net position (deficit) as restated	(217,734,281)	(177,037,206)
Ending net position (deficit)	\$ (177,037,206)	\$ (123,707,521)

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 \$72,340,769. Approximately 24.43% 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 \$26,573,964 while total fund balance amounted to \$33,519,655. 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 29.3% of total General Fund expenditures, while total fund balance represents 36.9% 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 increased in the amount of \$6,750,918 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 \$15,856,546 and accounted for 87.9% of total revenue for this fund.
Approximately 55.5% or \$10,011,362 of revenues were expended to support instructional programs while 44.5% or \$8,038,006 were expended for other supporting services for students.

The Debt Service Fund reported a year-end fund balance of \$13,313,148 of which is restricted for the payment of debt service. The net increase in fund balance during the current year was \$758,131 due to a strategic approach for investment earnings.

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 2020-2021 include:

- The statewide base per pupil funding was increased for inflation by 1.90%.
- Prior to application of the Budget Stabilization Factor, Total Program Funding for Harrison School District Two is estimated at \$98.6 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 2020-2021 is calculated at 14.25%, resulting in (\$16.05) million less in Total Program Funding for the District.
- Statewide Average Per Pupil Funding is \$7,962 for Fiscal Year 2020-2021. For Harrison School District Two, the per pupil revenue is \$8,243.

The changes in budgeted expenditures for Fiscal Year 2020-2021 mainly result from the following components:

Employee Compensation Increase:

Certified Staff: \$1.1M
ESP (Classified): \$.68M
Administrator / Professional Technical: \$.24M

PERA Increase = .50%

District Medical Insurance Increase = 15%

Budget Reductions of \$4.85M

Revenue decreased in Fiscal Year 2020-2021, mainly due to state level actions in response to COVID-19 for General Fund School Finance Act funding. The Budget Stabilization Factor (Negative Factor) was increased for all school districts which led to an overall total General Fund revenue decrease of approximately 10.18%. Expenditures have increased slightly in the past few year with planned salary increases budgeted for Fiscal Year 2020-2021.

Total fund balance has remained fairly stable through the years. A fluctuation in the fund balance for the General Fund is the result of underspending of the planned expenditure budget in Fiscal Year 2016-2017. In order to mitigate the need for expenditure reductions, the District has planned to conservatively draw down fund balance in the General Fund for Fiscal Year 2020-2021. This is in order to remain competitive with compensation and programmatic offerings. The District has maintained a conservative fund balance policy and continues to reevaluate this policy. The projected expenditures do not include an estimate for underspending which has occurred in the past, and is expected to continue in the future, causing additional reserves to be available.

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 and business-type activities as of June 30, 2021, amounts to \$141,719,963 (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 \$39,169,923.

Additional information on the District's capital assets can be found in Note 7.

Long-term Liabilities. At the end of the current fiscal year, the District had total non-current liabilities outstanding of \$313,378,023. Of this amount, \$112,075,000 is due to general obligation bonds, \$3,201,067 is due to employees upon retirement or separation of service for unused annual leave days, \$74,015 is for compensated absences, \$16,620,992 is for net bond premiums and \$175,046,053 for net pension liability.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 – HARRISON LONG-TERM LIABILITIES		
	Governmental Activities	
	2020	2021
General obligation bonds	\$121,415,000	\$ 112,075,000
Bond premium-net	17,808,284	16,620,992
Compensated Absences	3,254,687	3,275,082
Capital leases	-	-
Net Pension Liability	156,758,092	175,046,053
Net OPEB Liability	7,706,724	6,360,896
Total	\$ 306,942,787	\$ 313,378,023

The District's total liabilities increased \$6,435,236 during the current fiscal year. The main component in this decrease was due to the change in the Net Pension Liability. Implementation of GASB 68, Accounting and Financial Reporting for Pensions which became effective July 1, 2014.

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 2021 is \$683,802,150. As of June 30, 2021, the District's total general obligation bonded debt (including that portion due or payable within one year) was \$112,075,000. Additional information on the District's long-term liabilities can be found in Note 9.

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 economy continues to recover from the pandemic recession, with public health restrictions and COVID-19 concerns easing amid the ongoing vaccine rollout. Even as a return to normalcy appears imminent, the economy continues to face challenges. Rather than the hoped -for strong and steady recovery accompanying the ebbing of the pandemic, economic activity has instead been choppy. Many households and businesses are still bearing the brunt of lingering distress, while others have emerged unscathed or even better off than before. Spending and employment in sectors tied to in-person services still lag pre-pandemic levels.

State Education Fund

The Colorado Constitution requires the State Education Fund to receive one-third of 1 percent of taxable income. In FY 2020-21, the State Education Fund is expected to receive \$875 million as a result of this requirement, with higher amounts in the following year resulting from growth in taxable income among Colorado taxpayers.

In addition, the General Assembly has at different times authorized the transfer of additional moneys from the General Fund to the State Education Fund. Money in the State Education Fund is required to be used to fund kindergarten through twelfth grade public education. The 2020 school finance act, House Bill 20-1418, includes a one-time \$6.4 million transfer to the State Education Fund from multiple cash funds in FY 2020-21. In addition, House Bill 20-1420 includes a transfer of \$113 million in FY 2020-21 and \$23 million in FY 2021-22 to the State Education Fund, and Senate Bill 21-208 includes a transfer of \$100 million in FY 2021-22.

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 \$2.0 million in FY 2020-21, \$127.1 million in FY 2021-22, and \$122.6 million in FY 2022-23.

State of Colorado Budget Outlook

FY 2020-2021

General Fund revenue collections well exceeded March 2021 forecast expectations and are projected to grow 11.4 percent in FY 2020-21. The General Fund is projected to end the year with a 26.5 percent reserve, \$2.6 billion above the required 2.86 percent reserve. This amount incorporates legislation passed during the 2021 session, which increased General Fund appropriations and transfers. On higher revenue collections, revenue subject to TABOR is expected to exceed the Referendum C cap by \$551.4 million, requiring TABOR refunds in FY 2021-22.

FY 2021-2022

The ongoing economic rebound from the COVID-19 recession will increase General Fund revenue collections by a projected 3.7 percent above year-ago levels. The General Fund is projected to end the year with a 27.9 percent reserve, \$1.8 billion above the required 13.4 percent reserve. This amount incorporates legislative actions during the 2021 legislative session, including passage of the FY 2021-22 budget package, an increased reserve requirement, and increased General Fund transfers. Revenue subject to TABOR is expected to exceed the Referendum C cap by \$658.2 million.

FY 2022-23 Unbudgeted

The General Assembly is projected to have \$3.2 billion, or 22.1 percent, more to spend or save in the General Fund than what is budgeted to be spent and saved in FY 2021-22. As a budget has not yet been adopted for FY 2022-23, this amount holds current appropriations for FY 2021 -22 constant and assumes current law transfers, and the 15.0 percent General Fund reserve requirement. The \$3.2 billion amount does not incorporate caseload growth, inflationary, or other budgetary pressures. As revenue continues to grow in an expanding economy, revenue subject to TABOR is expected to exceed the Referendum C cap by \$908.5 million.

Risks to the Forecast

FY 2020-21 tax collections data provide valuable insights on the impacts of the pandemic and federal stimulus on state revenue. To date, upside risks have materialized as collections have far exceeded expectations in forecasts published over the course of the past year. Yet, recent policy changes and unusual tax collection patterns will continue to contribute to ongoing forecast risks throughout the forecast period. While the pandemic appears to be easing, the trajectory of the COVID-19 virus poses an ongoing downside risk to collections should cases rise and public health restrictions be reestablished. Additionally, while lasting economic damage (“scarring”) from the pandemic appears limited to date, it may prove more severe than expected once federal stimulus effects fade. Financial Plan FY2021-2022
30 Executive Summary Section

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 5.90 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 \$3.0 million in Fiscal Year 2021-2022.

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/Boulder consumer price index. The inflationary increase for Fiscal Year 2020-2021 is 2.0 percent. The projected per pupil revenue is \$8,441 which is an increase of \$198 per pupil from the prior fiscal year. The District estimates to receive \$95.29 million for Fiscal Year 2020-2021, representing an increase of \$3.0 million from the prior year’s budget. This funding source provides over 83 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 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

BASIC FINANCIAL STATEMENT

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and investments	\$ 35,510,325	\$ 26,749,175
Restricted cash and investments	51,560,910	1,389,656
Receivables	8,433,956	3,409,174
Receivable from agency funds	10,001	-
Inventories and prepaid items	243,524	147,839
Capital assets, not being depreciated	78,560,009	7,701,182
Capital assets, net of depreciation	63,159,954	44,490,340
Total assets	<u>237,478,679</u>	<u>83,887,366</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	868,119	1,043,561
Deferred pension outflows	51,379,774	11,097,276
Deferred OPEB outflows	497,722	181,541
Total deferred outflows of resources	<u>52,745,615</u>	<u>12,322,378</u>
LIABILITIES		
Accounts payable and other current liabilities	12,142,352	703,308
Accrued salaries and benefits	8,890,989	657,275
Accrued interest payable	452,380	218,549
Unearned revenue	2,694,871	269,839
Long-term liabilities:		
Due within one year:		
Bonds, capital leases, and compensated absences	9,844,015	7,055,360
Due in more than one year:		
Bonds, capital leases, and compensated absences	122,127,059	33,915,529
Net pension liability	175,046,053	32,044,401
Net OPEB liability	6,360,896	1,164,526
Total liabilities	<u>337,558,615</u>	<u>76,028,787</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	74,027,406	14,054,880
Deferred OPEB inflows	2,345,794	416,937
Total deferred inflows of resources	<u>76,373,200</u>	<u>14,471,817</u>
NET POSITION		
Net investment in capital assets	35,291,825	12,184,195
Restricted for:		
Debt service	13,313,148	1,103,958
Emergency reserves (TABOR)	3,050,000	918,000
Other purposes	-	30,400
Unrestricted	(175,362,494)	(8,527,413)
Total net position	<u>\$ (123,707,521)</u>	<u>\$ 5,709,140</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, 2021

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	\$ 40,750,407	\$ 295,034	\$ 28,231,632	\$ -	\$ (12,223,741)	\$ -
Supporting services	14,631,216	-	217,604	-	(14,413,612)	-
Business support services	10,231,281	1,042,255	761,054	28,416	(8,399,556)	-
Building improvement services	3,226,406	-	-	763,969	(2,462,437)	-
Central support services	7,457,075	-	-	-	(7,457,075)	-
Food service operations	3,547,724	16,199	3,401,694	-	(129,831)	-
Community services	68,141	-	-	-	(68,141)	-
Interest on long-term debt	4,572,873	-	-	-	(4,572,873)	-
Total primary government	<u>\$ 84,485,123</u>	<u>\$ 1,353,488</u>	<u>\$ 32,611,984</u>	<u>\$ 792,385</u>	<u>(49,727,266)</u>	
Component units						
Charter schools	<u>\$ 21,697,215</u>	<u>\$ 305,599</u>	<u>\$ 7,548,067</u>	<u>\$ 985,402</u>		<u>(12,858,147)</u>
General revenues:						
Property taxes					31,798,043	1,458,171
Unrestricted intergovernmental revenues					3,937,072	-
State equalization					65,884,180	-
Grants and contributions not restricted to a particular program					171,133	2,982,727
Per pupil revenue					-	26,155,609
Unrestricted investment earnings					564,022	46,430
Miscellaneous					702,501	200,853
Total general revenues					<u>103,056,951</u>	<u>30,843,790</u>
Change in net position					53,329,685	17,985,643
Net position - beginning, (deficit)					<u>(177,037,206)</u>	<u>(12,276,503)</u>
Net position - ending (deficit)					<u>\$ (123,707,521)</u>	<u>\$ 5,709,140</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, 2021

	General Fund	Designated Purpose Grants Fund	Debt Service Fund	Building Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 31,372,468	\$ 60,060	\$ -	\$ -	\$ 3,834,797	\$ 35,267,325
Restricted cash and investments	-	-	14,838,982	36,721,928	-	51,560,910
Receivables	1,752,465	3,399,455	544,740	-	2,731,420	8,428,080
Due from other funds	10,984,402	1,384,495	-	-	5,209	12,374,106
Inventories and prepaid items	205,277	-	-	-	38,247	243,524
Total assets	<u>\$ 44,314,612</u>	<u>\$ 4,844,010</u>	<u>\$ 15,383,722</u>	<u>36,721,928</u>	<u>\$ 6,609,673</u>	<u>\$ 107,873,945</u>
LIABILITIES						
Accounts payable and other current liabilities	\$ 2,460,649	\$ 1,779,444	\$ 5,715	\$ 6,576,970	\$ 518,041	\$ 11,340,819
Due to other funds	297,716	-	1,784,779	8,745,223	1,183,255	12,010,973
Accrued salaries and benefits	7,633,772	470,369	-	-	786,848	8,890,989
Accrued compensated absences	74,015	-	-	-	-	74,015
Unearned revenue	87,375	2,594,197	-	-	13,298	2,694,870
Total liabilities	<u>10,553,527</u>	<u>4,844,010</u>	<u>1,790,494</u>	<u>15,322,193</u>	<u>2,501,442</u>	<u>35,011,666</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	241,430	-	280,080	-	-	521,510
FUND BALANCES						
Nonspendable:						
Inventories	-	-	-	-	38,247	38,247
Prepaid items	205,277	-	-	-	-	205,277
Restricted:						
Debt service	-	-	13,313,148	-	-	13,313,148
Emergency reserve (TABOR)	3,050,000	-	-	-	-	3,050,000
Capital projects	-	-	-	21,399,735	-	21,399,735
Committed:						
Operating reserves	8,900,000	-	-	-	-	8,900,000
Capital projects	-	-	-	-	1,599,327	1,599,327
Food service operations	-	-	-	-	1,779,122	1,779,122
Assigned:						
Early retirement incentive	3,201,067	-	-	-	-	3,201,067
READ Act carryover	301,351	-	-	-	-	301,351
Risk management	187,996	-	-	-	-	187,996
Student activities	-	-	-	-	691,535	691,535
Unassigned	17,673,964	-	-	-	-	17,673,964
Total fund balances	<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>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 44,314,612</u>	<u>\$ 4,844,010</u>	<u>\$ 15,383,722</u>	<u>\$ 36,721,928</u>	<u>\$ 6,609,673</u>	<u>\$ 107,873,945</u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

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

Total fund balance - governmental funds	\$	72,340,769	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, not being depreciated	\$	78,560,009	
Capital assets, net of depreciation		<u>63,159,954</u>	141,719,963
Property tax receivable is not available to pay current period expenditures and, therefore, is not reported in the funds.			
			521,510
Internal service funds are used by 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.			
			(905,790)
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	\$	868,119	
Net pension liabilities		(175,046,053)	
Pension outflows		51,379,774	
Pension inflows		(74,027,406)	
Net OPEB liabilities		(6,360,896)	
OPEB outflows		497,722	
OPEB inflows		(2,345,794)	
Accrued interest		(452,380)	
Compensated absences		(3,201,067)	
Bonds payable		<u>(128,695,992)</u>	<u>(337,383,973)</u>
Net position of governmental activities in the statement of net position	\$		<u><u>(123,707,521)</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, 2021

	General Fund	Designated Purpose Grants Fund	Debt Service Fund	Building Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Local sources	\$ 24,661,176	\$ 171,428	\$ 15,782,664	\$ 510,792	\$ 481,431	\$ 41,607,491
State sources	72,546,529	2,021,394	-	-	50,403	74,618,326
Federal sources	244,990	15,856,546	-	-	8,051,170	24,152,706
Total revenues	97,452,695	18,049,368	15,782,664	510,792	8,583,004	140,378,523
EXPENDITURES						
Current:						
Instruction	50,099,380	10,011,362	-	-	3,033,155	63,143,897
Supporting services	20,811,207	4,091,150	-	-	1,647,342	26,549,699
Business support services	12,749,172	2,615,300	-	-	734,349	16,098,821
Building improvement services	797,667	303,740	-	43,934,697	9,500	45,045,604
Central support services	6,218,557	981,431	-	-	73,032	7,273,020
Food service operations	14,137	-	-	-	3,457,918	3,472,055
Community services	4,270	46,385	-	-	55,918	106,573
Debt service:						
Principal	7,387	-	9,340,000	-	-	9,347,387
Interest and other fiscal charges	-	-	5,684,533	-	-	5,684,533
Total expenditures	90,701,777	18,049,368	15,024,533	43,934,697	9,011,214	176,721,589
Net change in fund balances	6,750,918	-	758,131	(43,423,905)	(428,210)	(36,343,066)
Fund balances - beginning	26,768,737	-	12,555,017	64,823,640	4,536,441	108,683,835
Fund balances - ending	\$ 33,519,655	\$ -	\$ 13,313,148	\$ 21,399,735	\$ 4,108,231	\$ 72,340,769

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, 2021

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

Net change in fund balances - total governmental funds:	\$ (36,343,066)
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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 depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 42,394,515	
Depreciation	<u>(3,185,170)</u>	39,209,345

The net effect of the disposal of assets is to decrease net position.	(39,422)
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Governmental funds do not present property tax revenues that are unavailable to pay current obligations. However, such revenues are reported in the statement of activities when earned.	(2,570,977)
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Internal service funds are used by the management to charge the cost of certain activities to individual funds. The net revenue of the internal service funds are reported with governmental activities.	(2,222,574)
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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. Neither transaction, however, has any effect on net position. 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.

Repayment of principal	\$ 9,340,000	
Accrued interest	36,032	
Amortization of deferred on refunding	(102,277)	
Accretion of bond premium	<u>1,187,292</u>	10,461,047

Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts incurred during the year.	19,173
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension expenses	\$ 44,289,329	
OPEB expenses	<u>526,830</u>	<u>44,816,159</u>

Change in net position of governmental activities	<u><u>\$ 53,329,685</u></u>
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The accompanying notes are an integral part of these financial statements.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local sources:				
Local property taxes	\$ 16,945,534	\$ 16,880,534	\$ 18,522,225	\$ 1,641,691
Specific ownership taxes	3,000,000	3,000,000	3,937,072	937,072
Delinquent taxes and interest	-	65,000	79,774	14,774
Tuition	-	-	40	40
Charter school buy backs	1,415,540	1,415,540	1,103,474	(312,066)
Other local revenue	1,036,695	1,036,695	981,488	(55,207)
Interest on investments	463,600	463,600	37,103	(426,497)
Total local sources	22,861,369	22,861,369	24,661,176	1,799,807
State sources:				
State equalization	65,050,202	65,712,602	65,884,180	171,578
Vocational education	22,900	22,900	90,021	67,121
Exceptional Children	3,689,900	3,501,900	2,946,776	(555,124)
Transportation	713,300	713,300	761,054	47,754
Other state revenue	2,191,800	1,717,400	2,864,498	1,147,098
Total state sources	71,668,102	71,668,102	72,546,529	878,427
Federal sources:				
Impact aid	275,000	275,000	183,116	(91,884)
Other federal sources	59,723	59,723	61,874	2,151
Total federal sources	334,723	334,723	244,990	(89,733)
Total revenues	\$ 94,864,194	\$ 94,864,194	\$ 97,452,695	\$ 2,588,501

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Instruction	\$ 55,327,645	\$ 55,327,645	\$ 50,099,380	\$ 5,228,265
Supporting services:				
Students	6,496,095	6,496,095	6,374,857	121,238
Instructional staff	4,696,696	4,696,696	3,782,435	914,261
General administration	1,733,268	1,733,268	1,191,493	541,775
School administration	9,682,132	9,682,132	9,462,422	219,710
Business support services:				
Business services	1,096,912	1,096,912	1,253,340	(156,428)
Operations and maintenance	9,350,932	9,350,932	8,628,400	722,532
Student transportation	3,829,245	3,829,245	2,867,432	961,813
Building improvement services	574,680	600,219	797,667	(197,448)
Central support services:				
Central	6,347,543	6,347,543	6,218,557	128,986
Food service operations	13,809	13,809	14,137	(328)
Community services	1,612	1,612	4,270	(2,658)
Debt service	-	-	7,387	(7,387)
Appropriated reserves	371,568	371,568	-	371,568
Total expenditures	99,522,137	99,547,676	90,701,777	8,845,899
Excess (deficiency) of revenues over expenditures	(4,657,943)	(4,683,482)	6,750,918	11,434,400
Fund balance - beginning	25,375,739	26,768,737	26,768,737	-
Fund balance - ending	\$ 20,717,796	\$ 22,085,255	\$ 33,519,655	\$ 11,434,400

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
DESIGNATED PURPOSE GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Local sources	\$ 452,400	\$ 452,400	\$ 171,428	\$ (280,972)
State sources	856,800	856,800	2,021,394	1,164,594
Federal sources	<u>15,980,800</u>	<u>15,980,800</u>	<u>15,856,546</u>	<u>(124,254)</u>
Total revenues	<u>17,290,000</u>	<u>17,290,000</u>	<u>18,049,368</u>	<u>759,368</u>
EXPENDITURES				
Instruction	9,590,166	9,590,166	10,011,362	(421,196)
Supporting services:	3,919,028	3,919,028	4,091,150	(172,122)
Business support services:	2,505,270	2,505,270	2,615,300	(110,030)
Building improvement services	290,961	290,961	303,740	(12,779)
Central support services:	940,141	940,141	981,431	(41,290)
Community services	<u>44,434</u>	<u>44,434</u>	<u>46,385</u>	<u>(1,951)</u>
Total expenditures	<u>17,290,000</u>	<u>17,290,000</u>	<u>18,049,368</u>	<u>(759,368)</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

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, 2021

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 243,000
Other receivables	<u>5,876</u>
Total current assets	<u>248,876</u>
LIABILITIES	
Current liabilities	
Claims payable	801,534
Due To Other Funds	<u>353,132</u>
Total liabilities	<u>1,154,666</u>
NET POSITION	
Unrestricted	<u>(905,790)</u>
Total net position	<u><u>\$ (905,790)</u></u>

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, 2021

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services	
Employee benefit premiums	\$ 9,119,004
Total operating revenues	<u>9,119,004</u>
OPERATING EXPENSES	
Insurance claims and expenses	
Business support services	990
Central support services	<u>11,347,851</u>
Total operating expenses	<u>11,348,841</u>
Operating income (loss)	<u>(2,229,837)</u>
NON-OPERATING REVENUES (EXPENSES)	
Other revenue	6,099
Investment earnings	<u>1,164</u>
Total non-operating revenue (expenses)	<u>7,263</u>
Change in net position	(2,222,574)
Net position - beginning	<u>1,316,784</u>
Net position - ending	<u><u>\$ (905,790)</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, 2021

	<u>Governmental Activities Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from employee benefit premiums	\$ 9,119,256
Cash payments to service providers	(11,047,689)
Other receipts	<u>6,099</u>
Net cash provided (used) by operating activities	<u>(1,922,334)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Advances from (to) other funds	354,725
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>1,164</u>
Net increase (decrease) in cash and cash equivalents	(1,566,445)
Cash and cash equivalents - beginning	<u>1,809,445</u>
Cash and cash equivalents - ending	<u><u>\$ 243,000</u></u>
Cash and investments at year-end are comprised entirely of cash and cash equivalents.	

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, 2021

	<u>Governmental Activities Internal Service Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (2,229,837)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Other receipts	6,099
Change in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	252
Increase (decrease) in:	
Claims payable	301,152
Total adjustments	307,503
Net cash provided (used) by operating activities	<u><u>\$ (1,922,334)</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, 2021

	Private-purpose Trust Fund
ASSETS	
Cash and investments	\$ 359,714
Receivables	220
	<hr/>
Total assets	359,934
	<hr/>
LIABILITIES	
Accounts payable	174
Due to other funds	10,001
	<hr/>
Total liabilities	10,175
	<hr/>
NET POSITION	
Restricted for scholarships	349,759
	<hr/>
Total net position	\$ 349,759
	<hr/> <hr/>

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, 2021

	Private-purpose Trust Fund
ADDITIONS	
Private contributions	\$ 231,504
Total contributions	231,504
Investment earnings	320
Total additions	231,824
DEDUCTIONS	
Payments to scholarship recipients	6,000
Administrative expenses	108,708
Total deductions	114,708
Net increase (decrease) in fiduciary net position	117,116
Net position - beginning	232,643
Net position - ending	\$ 349,759

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, 2021

	James Irwin Charter Schools	Atlas Preparatory Charter School	Total Component Units
ASSETS			
Cash and investments	\$ 16,977,830	\$ 9,771,345	\$ 26,749,175
Restricted cash and investments	116,826	1,272,830	1,389,656
Receivables	687,226	2,721,948	3,409,174
Inventories and prepaid items	32,072	115,767	147,839
Capital assets, not being depreciated	4,293,220	3,407,962	7,701,182
Capital assets, net of accumulated depreciation	22,890,651	21,599,689	44,490,340
	<hr/>	<hr/>	<hr/>
Total assets	44,997,825	38,889,541	83,887,366
	<hr/>	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	1,043,561	-	1,043,561
Deferred pension outflows	6,545,069	4,552,207	11,097,276
Deferred OPEB outflows	104,278	77,263	181,541
	<hr/>	<hr/>	<hr/>
Total deferred outflows of resources	7,692,908	4,629,470	12,322,378
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts payable and other current liabilities	222,474	480,834	703,308
Accrued salaries and benefits	657,275	-	657,275
Accrued interest payable	78,354	140,195	218,549
Unearned revenue	173,186	96,653	269,839
Long-term liabilities:			
Due within one year	470,111	6,585,249	7,055,360
Due in more than one year	23,333,512	10,582,017	33,915,529
Net pension liability	20,551,422	11,492,979	32,044,401
Net OPEB liability	747,043	417,483	1,164,526
	<hr/>	<hr/>	<hr/>
Total liabilities	46,233,377	29,795,410	76,028,787
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	9,199,231	4,855,649	14,054,880
Deferred OPEB inflows	279,581	137,356	416,937
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	9,478,812	4,993,005	14,471,817
	<hr/>	<hr/>	<hr/>
NET POSITION			
Net investment in capital assets	4,423,809	7,760,386	12,184,195
Restricted for:			
Debt service	38,472	1,065,486	1,103,958
Emergency reserves (TABOR)	563,000	355,000	918,000
Other purposes	30,400	-	30,400
Unrestricted (deficit)	(8,077,137)	(450,276)	(8,527,413)
	<hr/>	<hr/>	<hr/>
Total net position (deficit)	\$ (3,021,456)	\$ 8,730,596	\$ 5,709,140
	<hr/>	<hr/>	<hr/>

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, 2021

	James Irwin Charter Schools	Atlas Preparatory Charter School	Total Component Units
Expenses			
Governmental activities:			
Instruction	\$ 5,811,522	\$ 3,762,323	\$ 9,573,845
Supporting services	5,253,276	3,890,305	9,143,581
Interest on long-term debt	11,306	-	11,306
Business-type activities:			
Building Corporation	-	1,301,979	1,301,979
Foundation	1,666,504	-	1,666,504
	<u>12,742,608</u>	<u>8,954,607</u>	<u>21,697,215</u>
Program Revenues			
Charges for services	275,219	30,380	305,599
Operating grants and contributions	2,540,804	5,007,263	7,548,067
Capital grants and contributions	616,016	369,386	985,402
	<u>3,432,039</u>	<u>5,407,029</u>	<u>8,839,068</u>
Net (Expense) Program Revenue	<u>(9,310,569)</u>	<u>(3,547,578)</u>	<u>(12,858,147)</u>
General Revenues			
Per pupil revenue	16,528,547	9,627,062	26,155,609
Mill Levy Override	875,374	582,797	1,458,171
Grant and contributions not restricted	1,612,643	1,370,084	2,982,727
Unrestricted investment earnings	30,015	16,415	46,430
Other	130,353	70,500	200,853
	<u>19,176,932</u>	<u>11,666,858</u>	<u>30,843,790</u>
Changes in net position	9,866,363	8,119,280	17,985,643
Net position - beginning (deficit)	<u>(12,887,819)</u>	<u>611,316</u>	<u>(12,276,503)</u>
Net position - ending (deficit)	<u><u>\$ (3,021,456)</u></u>	<u><u>\$ 8,730,596</u></u>	<u><u>\$ 5,709,140</u></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, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School 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 11,620.0 FTE 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 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. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. REPORTING ENTITY

The accompanying financial statements present the District and its component units, entities for which the government is considered to be financially accountable. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to fiscal dependency, imposition of will, legal standing, and the primary recipient of services. Blended component units, although legally separate entities, are, in substance, part of the government's operations. All discretely presented component units are reported in aggregate in a separate column titled "Component Units" in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended Component Unit

The District has no blended component units.

Discretely Presented Component Units

The District has two discretely presented component units: James Irwin Charter Schools and Atlas Preparatory School. The Charter Schools were formed in accordance with state statutes for operation as District charter schools.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. REPORTING ENTITY (CONTINUED)

Discretely Presented Component Units (continued)

The charter schools have been determined to be separate legal entities based upon three specific tests. The members of each of the governing boards are appointed separately from the District. Also, each school is fiscally dependent upon the District, and the potential exists that their exclusion from the District's financial reporting entity would result in misleading financial reporting.

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 middle and high school students grades 5-12.

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.

For the year ended June 30, 2021, James Irwin Charter Schools and Atlas Preparatory Charter School received \$16,528,547 and \$9,627,062 in per pupil funding, respectively.

James Irwin Charter Schools
5525 Astrozon Blvd
Colorado Springs, CO 80916

Atlas Preparatory Charter School
1602 S. Murray Blvd
Colorado Springs, CO 80916

C. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS

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, 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 or used. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

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. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, and fiduciary – are presented.

A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained by the District is consistent with legal and managerial requirements.

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 and payments of long-term debt used to finance capital construction and acquisitions.

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 the breakfast and lunch programs of the District. This includes the Community Eligibility program and National School Breakfast programs.

The *Pupil Activity Fund* accounts for financial transactions related to school-sponsored organizations and activities.

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

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS (CONTINUED)

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 government in a trustee capacity or as an agent on behalf of others. The District has two fiduciary funds:

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.

E. 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 flow. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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 120 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 are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual are property taxes, interest revenue and charges for services. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue. Other revenues, such as transportation, vocational and special education, are not susceptible to accrual because, generally, they are not measurable until received in cash. Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

Cash and cash equivalents

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

Investments

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

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are valued at the pool's share price, the price at which the investment could be sold.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Receivables

Receivables at June 30, 2021, consisted of taxes, accounts (rent and fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories and prepaids of governmental funds are recorded as expenditures when consumed rather than when purchased.

In the Food Service Fund, commodity inventories are stated at USDA's assigned values, which approximate fair value at the date of receipt. Expenses for food items are recorded when used. The federal government donates surplus commodities to supplement the national school lunch programs. Commodity contributions received by the District are recorded as non-operating revenues.

Restricted cash and investments

The use of certain cash and cash equivalents of the District may be restricted. These cash items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by debt agreements.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities columns in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for governmental funds with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets and assets received in a service concession arrangement are reported at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Capital assets of the primary government, as well as the component units, is depreciated 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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND
NET POSITION/FUND BALANCE (CONTINUED)*

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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

Health Care Trust Fund

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.

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.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND
NET POSITION/FUND BALANCE (CONTINUED)*

Long-term liabilities (continued)

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.

Net position flow assumption

The District may fund outlays for a particular purpose from both restricted 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 flow assumption

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

Fund balance classification

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

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

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

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND
NET POSITION/FUND BALANCE (CONTINUED)*

Fund balance classification (continued)

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.

G. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

Amounts reported as *program revenues* include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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, 2021 is 26.167 mills for general operating expenses and 22.227 mills for the payment of long-term debt. The District’s assessed valuation for the collection year 2021 is \$693,863,000. Taxes are assessed on \$683,802,150 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, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. REVENUES AND EXPENDITURES/EXPENSES (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.

H. 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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

1. Budgets are required by state law for all funds. Annual appropriated budgets are adopted for all funds. During April/May, the Superintendent of Schools submits to the Board of Education a proposed budget for fiscal year commencing the following July 1. The budget includes proposed expenditures and means of financing them.
2. Public hearings are conducted at Board of Education meetings to obtain taxpayers comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget amounts between departments within any fund and the reallocation of budget line items within any department in the General Fund rests with management. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Budgets for all fund types are adopted on a basis consistent with generally accepted accounting principles.
6. All original and supplemental unencumbered appropriations for all funds lapse at the end of the fiscal year. (Certain uncommitted general fund school allocations are re-appropriated in the succeeding fiscal year by the Board of Education.)
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized appropriation.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations that reallocated the original appropriated amounts.

Excess of Expenditures over Appropriations

For the year ended June 30, 2021, expenditures exceeded appropriations in the Designated Purpose Grants Fund by \$759,368. These over-expenditures were funded by greater than anticipated revenues.

Deficit Fund Equity

At June 30, 2021, the Health Insurance Fund, an internal service fund, has a deficit net position balance of \$905,790 due to increase claims activity during the year. This deficit will be eliminated through a budgeted transfer from the General Fund during the 2021/2022 fiscal year.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2021 is as follows:

Deposits	\$ 6,213,287
Investments	<u>81,217,662</u>
Total	<u>\$ 87,430,949</u>

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

Cash and investments	\$ 35,510,325
Restricted cash and investments	51,560,910
Cash and investments – Fiduciary Fund	<u>359,714</u>
Total	<u>\$ 87,430,949</u>

Cash deposits with financial institutions

Custodial Credit Risk: 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. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all 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 School's deposits at June 30, 2021 was \$6,213,287 and the bank balances were \$7,083,002. The balances in excess of Federal Deposit Insurance Corporation (FDIC) insurance were uninsured but collateralized in accordance with the provisions of the Colorado Public Deposit Protection Act. Due to the aforementioned deposit structure, the District is not exposed to custodial credit risk.

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.

The District has invested in the Colorado Government Liquid Asset Trust (ColoTrust). ColoTrust is a AAA rated investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. This investment vehicle operates similarly to money market funds and each share is equal in value to \$1.00.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

The designated custodial bank provides safekeeping and depository services to ColoTrust in connection with the direct investment and withdrawal function of ColoTrust. Substantially all securities owned by ColoTrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by ColoTrust. Investments of ColoTrust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. However, the District does not categorize investments with ColoTrust because they are not evidenced by securities that exist in physical or book entry form.

The District has invested in various money market funds. These funds are rated AAA by Standard and Poors. These funds invest U.S. dollar-denominated money market securities of domestic and foreign issuers, U.S. government securities and repurchase agreements and may also enter into reverse repurchase agreements. These funds generally seek to maintain a dollar-weighted average maturity of 60 days or less. These funds seek to preserve the value of investment principal at \$1.00 per share, though it is possible to lose principal invested in these funds.

Interest Rate Risk: Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. State law limits investment maturities to five years or less as a means of managing exposure to fair value loss resulting from increasing interest rates. Additionally, the District has a policy which involves the development of an 18-month cash flow forecast that provides a guideline as to cash flow needs supplemented with maturing investments. As a result, the District's investments consist of maturities of less than 18 months. As such, due to the short-term nature of the District's investments, interest rate risk is minimized.

Credit Risk: Credit risk involves the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and the District's investment policy limit investments to those described above. ColoTrust and Fidelity Institutional Money Market Funds Prime Money Market Portfolio investments are over \$1 billion in assets, rated AAA by Standard and Poors, and maintain a constant net asset value of \$1 per share.

Concentration of Credit Risk: The district places no limit on the amount the district may invest in any one issuer. More than 5 percent of the district's investments are in Money Markets, ColoTrust, Corporate Bonds, the CSIP Term, and Treasury Notes. These investments are 32%, 47%, and 19% respectively, of the district's total investments.

The investments for fiscal year ending June 30, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
Money Markets	\$ 26,359,988	Less than 60 days
ColoTrust	37,887,628	Less than 60 days
Corporate Bonds	1,794,885	Up to 18 months
U.S. Treasury Notes	<u>15,175,161</u>	Up to 18 months
	<u>\$ 81,217,662</u>	

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 – FAIR VALUE MEASUREMENT

The District records assets and liabilities in accordance with GASB 72, which establishes general principles for measuring fair value, provides additional fair value application guidance and enhances disclosures about fair value measurements.

GASB 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique. As a basis for considering market participant assumptions in fair value measurements, GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

- 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.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Investments classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Investments classified in Level 2 are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Bonds	\$ -	\$ 1,794,885	\$ -	\$ 1,794,885
U.S. Treasury Notes	<u>15,175,161</u>	<u>-</u>	<u>-</u>	<u>15,175,161</u>
	<u>\$ 15,175,161</u>	<u>\$ 1,794,885</u>	<u>\$ -</u>	<u>\$ 16,970,046</u>

NOTE 5 –RECEIVABLES

Receivables as of June 30, 2021 for the government's individual major funds, non-major governmental funds in the aggregate, and internal service funds in the aggregate, are as follows:

	<u>General Fund</u>	<u>Designated Purpose Grants Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor and Internal Service Funds</u>	<u>Total</u>
Taxes	\$ 641,302	\$ -	\$ 544,740	\$ -	\$ 1,186,042
Grants	184,592	3,394,948	-	2,674,013	6,253,553
Other	<u>926,571</u>	<u>4,507</u>	<u>-</u>	<u>63,283</u>	<u>994,361</u>
Total	<u>\$ 1,752,465</u>	<u>\$ 3,399,455</u>	<u>\$ 544,740</u>	<u>\$ 2,737,296</u>	<u>\$ 8,433,956</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 – 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 at June 30, 2021 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 10,984,402	\$ 297,716
Designated Purpose Grants Fund	1,384,495	-
Debt Service Fund	-	1,784,779
Building Fund	-	8,745,223
Nonmajor Funds	5,209	1,183,255
Internal Service Fund	-	353,132
Fiduciary Fund	<u>-</u>	<u>10,001</u>
Total	<u>\$ 12,374,106</u>	<u>\$ 12,374,106</u>

Interfund transfers

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

In the year ended June 30, 2021, the government made no interfund transfers.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 4,654,040	\$ -	\$ -	\$ 4,654,040
Construction in progress	<u>32,947,543</u>	<u>40,958,426</u>	<u>-</u>	<u>73,905,969</u>
Total capital assets not being depreciated	<u>37,601,583</u>	<u>40,958,426</u>	<u>-</u>	<u>78,560,009</u>
 Capital assets being depreciated:				
Buildings	136,787,940	290,729	(3,259,896)	133,818,773
Improvements	2,310,009	671,231	-	2,981,240
Furniture and equipment	3,968,319	129,028	-	4,097,347
Vehicles	<u>3,907,611</u>	<u>345,101</u>	<u>-</u>	<u>4,252,712</u>
Total capital assets being depreciated	<u>146,973,879</u>	<u>1,436,089</u>	<u>(3,259,896)</u>	<u>145,150,072</u>
Less accumulated depreciation for:				
Buildings	(76,428,691)	(2,470,730)	3,220,474	(75,678,947)
Improvements	(1,959,481)	(73,163)	-	(2,032,644)
Furniture and equipment	(1,961,787)	(251,139)	-	(2,212,926)
Vehicles	<u>(1,675,463)</u>	<u>(390,138)</u>	<u>-</u>	<u>(2,065,601)</u>
Total accumulated depreciation	(82,025,422)	(3,185,170)	3,220,474	(81,990,118)
Total capital assets being depreciated, net	<u>64,948,457</u>	<u>(1,749,081)</u>	<u>39,422</u>	<u>63,159,954</u>
Governmental activities capital assets, net	<u>\$ 102,550,040</u>	<u>\$ 39,209,345</u>	<u>\$ 39,422</u>	<u>\$ 141,719,963</u>

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

Governmental Activities

Instruction	\$ 2,840,426
Supporting services	39,534
Business support services	235,936
Central support services	1,948
Food services	58,884
Community services	<u>8,442</u>
Total depreciation expense	<u>\$ 3,185,170</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – ACCRUED SALARIES AND BENEFITS

Salaries and benefits of certain contractually employed personnel are paid over a twelve month period beginning in September, but are earned during a school year of nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2021 are \$8,890,989. Accordingly, the accrued compensation is reflected as a liability of the respective funds in the accompanying financial statements and has been fully funded as of June 30, 2021.

NOTE 9 - 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 government.

In accordance with Section 22-45-103, C.R.S., the District's bond redemption fund custodian for fiscal year ending 2021 is UMB Bank, a third party. The amount of \$11,869,074 was held by the custodian as of June 30, 2021.

General Obligation bonds payable at June 30, 2021 are as follows:

	<u>Principal Balance</u>
The 2010 refunding bonds (\$35,830,000 original issue) carry interest rates ranging from 2.00% to 5.00% and annual maturities ranging from \$250,000 to \$4,280,000 with final payment due in 2027. These bonds were used to refund remaining portions of the 1999 and 2002 bonds	\$ 13,010,000
The 2017 refunding bonds (\$14,190,000 original issue) carry interest rates ranging from 2.00% to 5.00% and annual maturities ranging from \$1,370,000 to \$1,820,000 with final payment due in 2026. These bonds were used to refund remaining portions of the 2007 bonds.	9,940,000
The 2019 GO bonds (\$100,000,000 original issue) carry interest rates ranging from 3.00% to 5.00% and annual maturities ranging from \$320,000 to \$10,100,000 with final payment due in 2038.	<u>89,125,000</u>
	<u>\$ 112,075,000</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 - LONG-TERM LIABILITIES

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

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 9,770,000	\$ 5,198,312	\$ 14,968,312
2023	3,595,000	4,911,500	8,506,500
2024	3,710,000	4,795,419	8,505,419
2025	3,825,000	4,643,675	8,468,675
2026	4,015,000	4,451,075	8,466,075
2027 – 2031	18,610,000	19,668,100	38,278,100
2032 –2036	39,670,000	12,371,750	52,041,750
2037 –2039	<u>28,880,000</u>	<u>2,213,000</u>	<u>31,093,000</u>
Total	<u>\$112,075,000</u>	<u>\$ 58,252,831</u>	<u>\$ 170,327,831</u>

The General Obligation Bonds will be repaid from funds in the Debt Service Fund. Based upon Financial Accounting Standards Board (FASB) Accounting Standards Codification 450, Contingencies, no material arbitrage liability exists at June 30, 2021.

Changes in Long-Term Liabilities

The following is a summary of long-term liabilities of the District for the year ended June 30, 2021:

	<u>Balance</u> <u>06/30/20</u>	<u>Debt Issued</u> <u>And Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/21</u>	<u>Due Within</u> <u>One year</u>
<i>Governmental Activities</i>					
General obligation bonds	\$ 121,415,000	\$ -	\$ (9,340,000)	\$ 112,075,000	\$ 9,770,000
Bond premiums	<u>17,808,284</u>	<u>-</u>	<u>(1,187,292)</u>	<u>16,620,992</u>	<u>-</u>
Total bonds payable	139,223,284	-	(10,527,292)	128,695,992	9,770,000
Compensated absences	3,254,687	285,146	(264,751)	3,275,082	74,015
Net pension liability	156,758,092	82,633,625	(64,345,664)	175,046,053	-
Net OPEB liability	<u>7,706,724</u>	<u>-</u>	<u>(1,345,828)</u>	<u>6,360,896</u>	<u>-</u>
Total Governmental Activities	<u>\$ 306,942,787</u>	<u>\$ 82,918,771</u>	<u>\$(76,483,535)</u>	<u>\$ 313,378,023</u>	<u>\$ 9,844,015</u>

Approximately 90% of compensated absences, net pension liabilities, and net OPEB liabilities are normally liquidated in the general fund, with remaining amounts liquidated in the food service and grants funds.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

The District maintains the following insurance coverage: Catastrophic coverage in the amount of \$307,286,659 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 health and 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. The plan pays for individual losses up to \$200,000 for each insured's health care.

The Health Plan Fund, during the 2021 fiscal year, paid \$10,269,373 in settlement of claims costs. All claims against the District for its Health Fund are processed by a third-party administrator.

Changes in the claims liability for the years ended June 30, 2021, and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Claims liability, beginning	\$ 500,381	\$ 645,639
Incurred claims	10,570,526	8,359,004
Payments	<u>(10,269,373)</u>	<u>(8,504,262)</u>
Claims liability, ending	<u>\$ 801,534</u>	<u>\$ 500,381</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.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 – 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 comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2020. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, 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 an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. 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 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Contributions provisions as of June 30, 2021: 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 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

	July 1, 2020 Through June 30, 2021
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).**

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) 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. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

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 \$12,061,474 for the year ended June 30, 2021.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. 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 2020 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, 2021

NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. 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.

At June 30, 2021, the El Paso County School District No. 2 - Harrison reported a liability of \$175,046,053 for its proportionate share of the net pension liability. 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	\$ 175,046,053
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	-
Total	\$ 175,046,053

At December 31, 2020, the El Paso County School District No. 2 - Harrison proportion was 1.1578664495 percent, which was an increase of 0.1086002592 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the El Paso County School District No. 2 - Harrison recognized pension expense of (\$44,289,329). At June 30, 2021, 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	\$ 9,617,910	\$ -
Changes of assumptions or other inputs	16,838,887	29,423,760
Net difference between projected and actual earnings on pension plan investments	-	38,531,619
Changes in proportion and differences between contributions recognized and proportionate share of contributions	18,925,739	6,072,027
Contributions subsequent to the measurement date	5,997,238	N/A
Total	\$ 51,379,774	\$ 74,027,406

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$5,997,238 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, 2022. 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:	
2022	\$ (28,256,664)
2023	10,044,482
2024	(4,354,109)
2025	(6,078,579)
2026	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% – 9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.25%
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.

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

Post-retirement non-disabled mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

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)	1.25%
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.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

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

The 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, 2021

NOTE 11 – 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 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent 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 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent 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 percent of the rates for all ages with generational projection using scale MP-2019.

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

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. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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, 2021

NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The PERA Board first adopted the 7.25 percent 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 ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 percent.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, 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. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the 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 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. 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 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 238,777,153	\$ 175,046,053	\$ 121,937,046

Pension plan fiduciary net position. Detailed information about the SCHDTF's FNP is available in PERA's Annual Report 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, 2021

NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Health Care Trust Fund

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. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) 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 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 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 12 – 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 \$618,516 for the year ended June 30, 2021.

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

At June 30, 2021, the El Paso County School District No. 2 - Harrison reported a liability of \$6,360,896 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. 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 2020 relative to the total contributions of participating employers to the HCTF.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

At December 31, 2020, the El Paso County School District No. 2 - Harrison proportion was 0.6694094121 percent, which was a decrease of 0.0162434538 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the El Paso County School District No. 2 - Harrison recognized OPEB expense of (\$526,830). At June 30, 2021, 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	\$ 16,883	\$ 1,398,430
Changes of assumptions or other inputs	47,528	390,045
Net difference between projected and actual earnings on OPEB plan investments	-	259,912
Changes in proportion and differences between contributions recognized and proportionate share of contributions	125,604	297,407
Contributions subsequent to the measurement date	307,707	N/A
Total	\$ 497,722	\$ 2,345,794

\$307,707 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, 2022. 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:	
2022	\$ (523,145)
2023	(486,783)
2024	(483,686)
2025	(447,611)
2026	(201,355)
Thereafter	(13,199)

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB	
plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, 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

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, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 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	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

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

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40% ¹	N/A

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

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

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

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree 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 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table 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 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 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 the Board's actuary, as discussed above.

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. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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, 2021

**NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

The PERA Board first adopted the 7.25 percent 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 ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 percent.

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	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$6,196,489	\$6,360,896	\$6,552,286

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

- 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 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 7,286,521	\$ 6,360,896	\$ 5,570,022

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's Annual Report 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, 2021

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Grants

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

NOTE 14 - TAX, SPENDING, AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment I, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations, which apply to the State of Colorado and all local governments, including school districts.

NOTE 14 - TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

The School District's financial activity for the 2020-2021 fiscal year provides the basis for calculation of future limitations adjusted for allowable increases tied to inflation and enrollment growth. Subsequent to 1992, revenue in excess of the District's "spending limit" must be refunded unless voters approve the retainage of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases, and new debt.

TABOR also requires local governments to establish Emergency Reserves. These reserves must be 3% of the District's "spending limit." The District is not allowed to use the emergency reserves to compensate for economic condition, revenue shortfalls, or salary or benefit increases. The Statement of Net Position indicates that an amount of \$3,050,000 is restricted for constitutional amendment.

TABOR affects the School District's fiscal 2020-2021 financial statements because the limitations contained in TABOR may impact future financial activity. The School District believes it has complied with all aspects of the TABOR amendment.

TABOR is complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance.

NOTE 15 – 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.

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, 2021

	<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)	1.1578664495%	1.0492661903%	1.0342742963%	1.1811895036%	1.2265829940%	1.2376581129%	1.2338139839%	1.2405130689%
District's proportionate share of the net pension liability (asset)	\$ 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 District	-	19,882,770	25,041,784	-	-	-	-	-
Total	<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	\$ 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	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	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, 2021

	<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	\$ 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>(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>
District's covered payroll	\$ 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%	19.38%	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, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.6694094121%	0.6856528659%	0.6722865701%	0.6711473210%	0.6972043544%
District's proportionate share of the net OPEB liability (asset)	\$ 6,360,896	\$ 7,706,724	\$ 9,146,741	\$ 8,722,231	\$ 9,039,492
District's covered payroll	\$ 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	10.28%	12.50%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	24.5%	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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 618,516	\$ 643,252	\$ 604,633	\$ 562,643	\$ 556,084
Contributions in relation to the contractually required contribution	<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>
District's covered payroll	\$ 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%

* 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.

SUPPLEMENTAL INFORMATION

DEBT SERVICE FUND

This fund is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on long-term general obligation debt.

The Debt Service Fund is deemed to be a major fund for financial reporting purposes.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources:			
Property taxes	\$ 15,000,000	\$ 15,703,056	\$ 703,056
Delinquent taxes and interest	-	63,966	63,966
Investment income	155,000	15,642	(139,358)
	<u>15,155,000</u>	<u>15,782,664</u>	<u>627,664</u>
EXPENDITURES			
Debt Service:			
Principal	9,340,000	9,340,000	-
Interest	5,645,000	5,644,750	250
Other	47,000	39,783	7,217
	<u>15,032,000</u>	<u>15,024,533</u>	<u>7,467</u>
Total expenditures			
	<u>15,032,000</u>	<u>15,024,533</u>	<u>7,467</u>
Net change in fund balance	123,000	758,131	635,131
Fund balance - beginning	<u>12,555,017</u>	<u>12,555,017</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 12,678,017</u></u>	<u><u>\$ 13,313,148</u></u>	<u><u>\$ 635,131</u></u>

See the accompanying independent auditors' report.

BUILDING FUND

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

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

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ 1,800,000	\$ 510,792	\$ (1,289,208)
EXPENDITURES			
Building improvement services	45,078,353	43,934,697	1,143,656
Net change in fund balances	(43,278,353)	(43,423,905)	(145,552)
Fund balance - beginning	64,823,640	64,823,640	-
Fund balance - ending	\$ 21,545,287	\$ 21,399,735	\$ (145,552)

See the accompanying independent auditors' report.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. The District has the following Special Revenue Funds:

Food Service Fund

This fund is used to record financial transactions related to food service operations.

Pupil Activity Fund

This fund is used to record financial transactions related to school-sponsored organizations and activities.

Title I, Part A Grants Fund

This fund accounts for the No Child Left Behind Title I Part A program of the District.

Capital Project Funds

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays for the acquisition or construction of major capital facilities and other capital assets.

Capital Reserve Fund

This fund is used to account for the purposes of acquisition of land, improvements, construction of structures or addition to existing structures and acquisition of equipment and furnishings.

Land Acquisition Fund

This fund is used to account for any revenues and expenditures in accordance with new residential building growth within District boundaries.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Food Service Fund	Pupil Activity Fund	Title I, Part A Grants Fund	Capital Reserve Fund	Land Acquisition Fund	
ASSETS						
Cash and investments	\$ 1,784,039	\$ 692,540	\$ (230,459)	\$ 898,616	\$ 690,061	\$ 3,834,797
Receivables	488,350	-	2,185,662	-	57,408	2,731,420
Due from other funds	-	-	-	-	5,209	5,209
Inventories	38,247	-	-	-	-	38,247
Total assets	<u>\$ 2,310,636</u>	<u>\$ 692,540</u>	<u>\$ 1,955,203</u>	<u>\$ 898,616</u>	<u>\$ 752,678</u>	<u>\$ 6,609,673</u>
LIABILITIES						
Accounts payable	\$ 43,716	\$ 1,005	\$ 437,737	\$ 35,583	\$ -	\$ 518,041
Due to other funds	230,772	-	936,099	16,384	-	1,183,255
Accrued salaries and benefits	205,481	-	581,367	-	-	786,848
Unearned revenue	13,298	-	-	-	-	13,298
Total liabilities	<u>493,267</u>	<u>1,005</u>	<u>1,955,203</u>	<u>51,967</u>	<u>-</u>	<u>2,501,442</u>
FUND BALANCES						
Nonspendable	38,247	-	-	-	-	38,247
Committed:						
Capital projects	-	-	-	846,649	752,678	1,599,327
Food service	1,779,122	-	-	-	-	1,779,122
Assigned:						
Student activities	-	691,535	-	-	-	691,535
Total fund balances	<u>1,817,369</u>	<u>691,535</u>	<u>-</u>	<u>846,649</u>	<u>752,678</u>	<u>4,108,231</u>
Total liabilities and fund balances	<u>\$ 2,310,636</u>	<u>\$ 692,540</u>	<u>\$ 1,955,203</u>	<u>\$ 898,616</u>	<u>\$ 752,678</u>	<u>\$ 6,609,673</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Food Service Fund	Pupil Activity Fund	Title I, Part A Grants Fund	Capital Reserve Fund	Land Acquisition Fund	
REVENUES						
Local sources	\$ 32,682	\$ 228,484	\$ -	\$ 12,985	\$ 207,280	\$ 481,431
State sources	50,403	-	-	-	-	50,403
Federal sources	3,341,891	-	4,709,279	-	-	8,051,170
Total revenues	3,424,976	228,484	4,709,279	12,985	207,280	8,583,004
EXPENDITURES						
Current:						
Instruction	-	257,595	2,775,560	-	-	3,033,155
Supporting services	-	-	1,647,342	-	-	1,647,342
Business support services	-	-	230,459	503,831	59	734,349
Building improvement services	-	-	-	9,500	-	9,500
Central support services	-	-	-	73,032	-	73,032
Food service operations	3,457,918	-	-	-	-	3,457,918
Community services	-	-	55,918	-	-	55,918
Total expenditures	3,457,918	257,595	4,709,279	586,363	59	9,011,214
Net change in fund balances	(32,942)	(29,111)	-	(573,378)	207,221	(428,210)
Fund balances - beginning, as restated	1,850,311	720,646	-	1,420,027	545,457	4,536,441
Fund balances - ending	\$ 1,817,369	\$ 691,535	\$ -	\$ 846,649	\$ 752,678	\$ 4,108,231

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 BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ 200,000	\$ 32,682	\$ (167,318)
State sources	49,999	50,403	404
Federal sources	4,526,063	3,341,891	(1,184,172)
	<u>4,776,062</u>	<u>3,424,976</u>	<u>(1,351,086)</u>
EXPENDITURES			
Current:			
Food service operations	5,108,386	3,457,918	1,650,468
	<u>(332,324)</u>	<u>(32,942)</u>	<u>299,382</u>
Net change in fund balances			
	(332,324)	(32,942)	299,382
Fund balance - beginning	1,850,311	1,850,311	-
	<u>1,850,311</u>	<u>1,850,311</u>	<u>-</u>
Fund balance - ending	\$ 1,517,987	\$ 1,817,369	\$ 299,382
	<u>\$ 1,517,987</u>	<u>\$ 1,817,369</u>	<u>\$ 299,382</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
PUPIL ACTIVITY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ 1,021,702	\$ 228,484	\$ (793,218)
Total revenues	1,021,702	228,484	(793,218)
EXPENDITURES			
Instruction	1,031,000	257,595	773,405
Total expenditures	1,031,000	257,595	773,405
Net change in fund balance	(9,298)	(29,111)	(19,813)
Fund balance - beginning	720,646	720,646	-
Fund balance - ending	<u>\$ 711,348</u>	<u>\$ 691,535</u>	<u>\$ (19,813)</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
TITLE I, PART A GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources		\$ -	\$ -
State sources		-	-
Federal sources	4,710,000	4,709,279	(721)
	<u>4,710,000</u>	<u>4,709,279</u>	<u>(721)</u>
Total revenues	4,710,000	4,709,279	(721)
EXPENDITURES			
Instruction	2,775,985	2,775,560	425
Supporting services:	1,647,594	1,647,342	252
Business support services	230,494	230,459	35
Community services	55,927	55,918	9
	<u>4,710,000</u>	<u>4,709,279</u>	<u>721</u>
Total expenditures	4,710,000	4,709,279	721
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 BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ 40,000	\$ 12,985	\$ (27,015)
Total revenues	40,000	12,985	(27,015)
EXPENDITURES			
Current:			
Business support services	608,844	503,831	105,013
Building improvement services	-	9,500	(9,500)
Central support services	172,434	73,032	99,402
Reserved Funds	330,817	-	330,817
Total expenditures	1,112,095	586,363	525,732
Net change in fund balances	(1,072,095)	(573,378)	498,717
Fund balance - beginning	1,072,095	1,420,027	347,932
Fund balance - ending	\$ -	\$ 846,649	\$ 846,649

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 BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ 58,000	\$ 207,280	\$ 149,280
Total revenues	58,000	207,280	149,280
EXPENDITURES			
Current:			
Business support services	-	59	(59)
Contingency	600,000	-	600,000
Total expenditures	600,000	59	599,941
Net change in fund balances	(542,000)	207,221	749,221
Fund balance - beginning	542,283	545,457	3,174
Fund balance - ending	\$ 283	\$ 752,678	\$ 752,395

See the accompanying independent auditors' report.

INTERNAL SERVICE FUND

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

Health Insurance Fund

This fund accounts for premium payments and claims related to the self-funded health and dental insurance programs.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
INTERNAL SERVICE FUND - HEALTH INSURANCE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services			
Employee benefit premiums	\$ 10,009,400	\$ 9,119,004	\$ (890,396)
Total operating revenues	10,009,400	9,119,004	(890,396)
OPERATING EXPENSES			
Insurance claims and expenses			
Business support services	-	990	(990)
Central support services	11,618,920	11,347,851	271,069
Total operating expenses	11,618,920	11,348,841	270,079
Operating income (loss)	(1,609,520)	(2,229,837)	620,317
NON-OPERATING REVENUES (EXPENSES)			
Other revenue	430,000	6,099	(423,901)
Investment earnings	20,000	1,164	(18,836)
Total non-operating revenue (expenses)	450,000	7,263	(442,737)
Change in net position	(1,159,520)	(2,222,574)	(1,063,054)
Net position - beginning	1,316,784	1,316,784	-
Net position - ending	\$ 157,264	\$ (905,790)	\$ (1,063,054)

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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 20,379,316
Restricted	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	14,582,241
Unrestricted	<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>	<u>20,772,589</u>
Total Governmental Activities Net Position	<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>	<u>\$ 55,734,146</u>
Business-type activities										
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 872,746	\$ 767,740	\$ 712,492
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>899,408</u>	<u>1,118,149</u>	<u>1,073,045</u>
Total Business-type Activities Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,772,154</u>	<u>\$ 1,885,889</u>	<u>\$ 1,785,537</u>
Primary government										
Invested in capital assets, net of related debt	\$ 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	\$ 21,091,808
Restricted	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	14,582,241
Unrestricted	<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>	<u>21,845,634</u>
Total Primary Government Net Position	<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>	<u>\$ 57,519,683</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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental Activities:										
Instruction	\$ 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	\$ 46,441,901
Supporting Services	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	17,415,968
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	11,127,999
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	4,653,884
Food Service	3,547,724	5,582,867	4,913,612	4,451,946	4,683,746	4,929,892	6,574,468	-	-	-
Community Services	68,141	4,795,740	98,187	95,804	71,870	145,945	157,989	185,398	230,663	186,066
Interest on Long-term Debt	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	2,118,935
Miscellaneous Support Services	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	577,760
Total Governmental Activities Expenses	<u>84,485,123</u>	<u>95,387,763</u>	<u>105,728,798</u>	<u>172,344,703</u>	<u>161,661,792</u>	<u>117,850,727</u>	<u>113,172,481</u>	<u>89,608,493</u>	<u>83,983,917</u>	<u>82,522,513</u>
Business-type Activities:										
Food Service	-	-	-	-	-	-	-	4,757,797	4,768,672	4,852,352
Total Primary Government Expenses	<u>\$ 84,485,123</u>	<u>\$ 95,387,763</u>	<u>\$ 105,728,798</u>	<u>\$ 172,344,703</u>	<u>\$ 161,661,792</u>	<u>\$ 117,850,727</u>	<u>\$ 113,172,481</u>	<u>\$ 94,366,290</u>	<u>\$ 88,752,589</u>	<u>\$ 87,374,865</u>
Program Revenues										
Governmental Activities:										
Charges for Services										
Instruction	\$ 295,034	\$ 1,187,207	\$ 358,500	\$ 164,422	\$ 361,062	\$ 807,263	\$ 50,847	\$ 34,700	\$ 40,507	\$ 50,774
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	1,693,630
Food Service	16,199	145,257	158,582	103,567	168,244	182,066	503,809	-	-	-
Operating Grants and Contributions	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	10,785,722
Capital Grants and Contributions	792,385	974,109	691,698	609,044	1,554,012	1,487,914	856,841	193,886	507,984	885,306
Total Governmental Activities Program Revenues	<u>34,757,857</u>	<u>27,366,766</u>	<u>22,914,293</u>	<u>20,766,723</u>	<u>23,271,743</u>	<u>30,920,330</u>	<u>22,141,052</u>	<u>16,845,464</u>	<u>16,081,430</u>	<u>13,415,432</u>
Business-type Activities:										
Charges for Services	-	-	-	-	-	-	-	663,749	598,262	648,898
Operating Grants and Contributions	-	-	-	-	-	-	-	4,089,487	4,101,826	3,714,051
Total Business-type Activities Program Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,753,236</u>	<u>4,700,088</u>	<u>4,362,949</u>
Total Primary Government Program Revenues	<u>\$ 34,757,857</u>	<u>\$ 27,366,766</u>	<u>\$ 22,914,293</u>	<u>\$ 20,766,723</u>	<u>\$ 23,271,743</u>	<u>\$ 30,920,330</u>	<u>\$ 22,141,052</u>	<u>\$ 21,598,700</u>	<u>\$ 20,781,518</u>	<u>\$ 17,778,381</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (69,107,081)
Business-type Activities	-	-	-	-	-	-	-	(4,561)	(68,584)	(489,403)
Total Primary Government Net Expense	<u>\$ (49,727,266)</u>	<u>\$ (68,020,997)</u>	<u>\$ (82,814,505)</u>	<u>\$ (151,577,980)</u>	<u>\$ (138,390,049)</u>	<u>\$ (86,930,397)</u>	<u>\$ (91,031,429)</u>	<u>\$ (72,767,590)</u>	<u>\$ (67,971,071)</u>	<u>\$ (69,596,484)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 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	\$ 23,039,178
Specific Ownership Taxes	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	2,144,664
State Equalization	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	45,657,121
Grants and contributions not restricted to a particular program	171,133	231,332	735,644	-	-	-	-	-	-	-
Earnings on Investments	564,022	3,179,585	1,058,127	465,335	254,558	104,165	27,824	32,317	58,308	39,472
Gain on Disposal of Capital Assets	-	-	-	-	-	-	-	-	1,111,453	-
Other Revenue	702,501	318,348	259,915	1,934,602	547,405	265,022	414,633	283,541	889,515	1,157,444
Total Governmental Activities	<u>103,056,951</u>	<u>108,022,403</u>	<u>99,017,631</u>	<u>85,866,807</u>	<u>82,364,606</u>	<u>80,602,254</u>	<u>76,975,784</u>	<u>73,746,018</u>	<u>71,793,859</u>	<u>72,037,879</u>
Business-type Activities:										
Earnings on Investments	-	-	-	-	-	-	-	323	1,537	1,680
Other Revenue	-	-	-	-	-	-	-	6,315	167,399	10,769
Total Business-type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,638</u>	<u>168,936</u>	<u>12,449</u>
Total Primary Government	<u>\$ 103,056,951</u>	<u>\$ 108,022,403</u>	<u>\$ 99,017,631</u>	<u>\$ 85,866,807</u>	<u>\$ 82,364,606</u>	<u>\$ 80,602,254</u>	<u>\$ 76,975,784</u>	<u>\$ 73,752,656</u>	<u>\$ 71,962,795</u>	<u>\$ 72,050,328</u>
Change in Net Position										
Governmental Activities	\$ 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	\$ 2,930,798
Business-type Activities	-	-	-	-	-	-	-	2,077	100,352	(476,954)
Total Primary Government	<u>\$ 53,329,685</u>	<u>\$ 40,001,406</u>	<u>\$ 16,203,126</u>	<u>\$ (65,711,173)</u>	<u>\$ (56,025,443)</u>	<u>\$ (6,328,143)</u>	<u>\$ (14,055,645)</u>	<u>\$ 985,066</u>	<u>\$ 3,991,724</u>	<u>\$ 2,453,844</u>

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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Reporting categories per GASB 54										
General Fund										
Nonspendable	\$ 205,277	\$ 5,670	\$ 10,784	\$ 8,352	\$ 10,826	\$ 10,392	\$ 12,512	\$ 7,539	\$ 11,426	\$ 23,403
Committed	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	3,432,578
Restricted	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	2,323,647
Assigned	3,690,414	3,821,521	2,575,317	3,085,727	-	-	-	-	-	29,100
Unassigned	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	16,919,279
Total General Fund	<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>	<u>\$ 22,728,007</u>
All Other Governmental Funds										
Nonspendable	\$ 38,247	\$ 109,775	\$ 113,999	\$ 332,013	\$ 202,758	\$ 161,704	\$ -	\$ -	\$ -	\$ -
Committed	3,378,449	3,706,020	3,657,108	-	1,746,990	2,197,008	1,314,100	1,265,221	5,717,366	652,213
Restricted	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	8,991,633
Assigned	691,535	720,646	-	3,559,997	-	-	-	-	-	-
Unassigned	-	-	-	-	816,337	119,133	-	-	-	-
Total All Other Governmental Funds	<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>	<u>\$ 9,643,846</u>
Total Governmental Funds	<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>	<u>\$ 32,371,853</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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
REVENUES:										
Local Sources	\$ 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	\$ 28,111,361
State Sources	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	49,561,565
Federal Sources	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	7,877,538
Total Revenues	<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>	<u>85,550,464</u>
EXPENDITURES:										
Current:										
Instruction	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	44,340,303
Supporting Services	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	17,424,626
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	10,820,988
Building Improvement Services	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	1,659,885
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	4,974,555
Food Service	3,472,055	4,927,458	4,858,425	4,299,529	4,435,892	4,633,834	5,707,347	-	-	-
Community Services	106,573	90,120	180,153	165,632	239,248	132,441	146,330	176,662	221,720	177,269
Debt Service:										
Principal	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	5,084,593
Interest on Long-term Debt	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	2,422,734
Total Expenditures	<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>	<u>86,904,953</u>
Excess (Deficiency) of Revenues Over Expenditures	<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>	<u>(1,354,489)</u>
OTHER FINANCING SOURCES (USES):										
Issuance of Bonds			100,000,000	15,767,307	-	-	-	-	-	-
Issuance of Capital Lease					-	-	60,223	56,150	126,843	322,692
Premium on Bonds Issued			16,430,889	-	-	-	-	-	-	-
Payments to Refunded Bond Escrow Agent	-	-	-	(15,615,000)	-	-	-	-	-	-
Proceeds from Sale of Capital Asset net	-	-	-	-	-	-	-	-	7,443,750	-
Transfers In	-	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<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>	<u>322,692</u>
Net Change in Fund Balance	<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>	<u>\$ (1,031,797)</u>
Debt Service as a percentage of noncapital expenditures	10.3%	10.4%	4.4%	4.3%	4.4%	4.4%	7.5%	8.4%	8.7%	8.8%

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	All Other Property
2021	\$ 313,705,400	\$ 292,795,630	\$ 54,201,270	\$ 33,160,700	\$ 693,863,000	\$ 5,698,190,237	48.394	12.2%	7.15	29.00
2020	\$ 309,210,040	\$ 301,513,320	\$ 81,828,220	\$ 35,872,620	\$ 728,424,200	\$ 5,770,001,102	47.227	12.6%	7.15	29.00
2019	\$ 244,904,720	\$ 272,308,650	\$ 105,323,460	\$ 33,165,570	\$ 655,702,400	\$ 4,818,089,027	48.333	13.6%	7.15	29.00
2018	\$ 241,910,230	\$ 264,377,280	\$ 110,111,390	\$ 34,325,000	\$ 650,723,900	\$ 4,769,665,464	33.118	13.6%	7.20	29.00
2017	\$ 231,271,620	\$ 238,597,390	\$ 72,865,160	\$ 32,433,760	\$ 575,167,930	\$ 4,091,161,149	36.278	14.1%	7.96	29.00
2016	\$ 229,423,610	\$ 232,431,110	\$ 71,190,000	\$ 32,174,060	\$ 565,218,780	\$ 4,040,213,463	36.414	14.0%	7.96	29.00
2015	\$ 209,847,890	\$ 230,577,690	\$ 70,162,150	\$ 32,336,250	\$ 542,923,980	\$ 3,784,918,204	36.997	14.3%	7.96	29.00
2014	\$ 208,329,110	\$ 232,612,120	\$ 75,194,090	\$ 33,379,810	\$ 549,515,130	\$ 3,793,799,763	41.334	14.5%	7.96	29.00
2013	\$ 212,483,180	\$ 233,275,240	\$ 72,479,410	\$ 33,177,790	\$ 551,415,620	\$ 3,838,210,624	41.344	14.4%	7.96	29.00
2012	\$ 211,521,480	\$ 237,849,650	\$ 75,216,260	\$ 36,355,350	\$ 560,942,740	\$ 3,862,297,899	41.147	14.5%	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)										Fountain GID #1	EPC Stratmoor Valley Streetlight PID
	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		
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
2011-12	18.092	10.250	0.305	12.500	41.147	7.597	4.279	3.999	12.423	0.549	2.000	20.000	14.117	0.947	0.000	0.000	0.000

Source: El Paso County Assessor; ABSTRACT OF ASSESSMENT

- (1) - Colorado statutes indicate that districts shall levy, in the next fiscal year, the mills necessary to recoup property tax abatements granted after the mill levy is certified.
- (2) - Overlapping rates are those of local and county governments that apply to property owners with the District. Not all overlapping rates apply to all District property 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, 2021 and JUNE 30, 2012

	2021			2012		
	Assessed Value	Rank	% of Total Value	Assessed Value	Rank	% of Total Value
DPIX LLC	11,197,550	1	1.6%	26,714,450	1	4.8%
Microchip Technology Inc	10,375,620	2	1.5%			
Ace Hardware	8,459,490	3	1.2%	7,209,390	4	1.3%
SAP America Inc	8,358,340	4	1.2%	\$ 14,543,280	2	2.6%
GRE Broadmoor LLC	6,198,950	5	0.9%	7,250,190	3	1.3%
Exelis Inc	5,614,450	6	0.8%			
AspenPoint Properties	4,690,250	7	0.7%			
BCORE Falcon Property Owner L	4,489,720	8	0.6%			
RS Antero Brauburger LLC	4,372,550	9	0.6%			
Mackey William J	4,033,890	10	0.6%			
GE Commercial Finance Bus.				5,981,970	6	1.1%
Aquiport Colorado Springs LLC				4,655,320	7	0.8%
RICKEMOH INC				4,641,890	8	0.8%
CO Newport Hotels LLC				4,206,090	9	0.7%
Skywest Airlines				3,014,000	10	0.5%
Total	<u>\$ 67,790,810</u>		<u>9.7%</u>	<u>\$ 78,216,580</u>		<u>13.9%</u>
Total Assessed Valuation (1)	<u>\$ 693,863,000</u>			<u>\$ 560,942,740</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>
2020-21	\$ 12,698,871	\$ 12,057,005	94.9%	\$ 28,161	\$ 12,085,166	95.2%
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%
2011-12	\$ 10,319,662	\$ 9,878,823	95.7%	\$ 8,055	\$ 9,886,878	95.8%

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)	
2021	\$ 128,695,992	\$ -	\$ -	\$ 128,695,992	2.3%	\$ 11,047.81	3.51%
2020	\$ 139,223,284	\$ -	\$ -	\$ 139,223,284	2.4%	\$ 11,517	4.02%
2019	\$ 147,900,576	\$ -	\$ 7,872	\$ 147,908,448	3.1%	\$ 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	1.0%	\$ 3,171	1.27%
2016	\$ 41,883,745	\$ -	\$ 176,318	\$ 42,060,063	1.0%	\$ 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%
2012	\$ 57,689,802	\$ -	\$ 298,099	\$ 57,987,901	1.6%	\$ 5,220	2.32%

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.

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>
2021	\$ 128,695,992	\$ 13,313,148	\$ 115,382,844	2.0%	9,905	3.51%	178
2020	\$ 139,223,284	\$ 12,555,017	\$ 126,668,267	2.2%	10,478	4.02%	195
2019	\$ 147,900,576	\$ 12,085,910	\$ 135,814,666	2.8%	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	0.8%	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
2012	\$ 57,689,802	\$ 8,991,633	\$ 48,698,169	1.4%	4,384	2.31%	91

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, 2021**

	<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	6,905,676,790	16,143,294	6.35%	\$ <u>1,025,099</u>
Subtotal Overlapping Debt				1,025,099
District Governmental Activities Direct Debt (1)				<u>128,695,992</u>
Total Direct and Overlapping Debt				<u>\$ 129,721,091</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-2021 (1)	\$	693,863,000
Actual Value-2021 (1)		5,698,190,237

Debt Limitation Calculation--Greater of:

20% of Assessed Valuation	\$	138,772,600
6% of Actual Value		341,891,414

Debt Limit	\$	341,891,414
Total Bonded Debt		112,075,000
Legal Debt Margin	<u>\$</u>	<u>229,816,414</u>

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt Limit	\$ 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	\$ 212,574,888
Total Gross Debt Applicable to Limit	112,075,000	121,415,000	128,905,000	31,795,000	36,070,000	38,810,000	41,435,000	50,527,532	55,033,081	57,689,802
Legal Debt Margin	<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>	<u>\$ 154,885,086</u>
Total Gross Debt Applicable to the Limit as a Percentage of Debt Limit	32.78%	35.07%	44.59%	12.03%	13.86%	14.91%	19.73%	24.16%	25.88%	27.14%

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, 2021 and JUNE 30, 2012

	2021			2012		
	<u>Employees</u>	Rank	<u>% of Total Employees</u>	<u>Employees</u>	Rank	<u>% of Total Employees</u>
Health Care and Social Assistance	46,891	1	16.95%	32,264	1	13.86%
Retail Trade	31,189	2	11.27%	28,617	2	12.29%
Professional and Technical Services	29,234	3	10.57%	20,312	5	8.73%
Accommodation and Food Services	26,686	4	9.64%	24,090	4	10.35%
Education Services	26,292	5	9.50%	26,423	3	11.35%
Administrative and Waste Services	17,831	6	6.44%	16,154	6	6.94%
Construction	17,618	7	6.37%	10,513	10	4.52%
Public Administration	14,487	8	5.24%	12,902	7	5.54%
Finance and Insurance	13,493	9	4.88%	10,878	9	4.67%
Manufacturing	11,400	10	4.12%	12,901	8	5.54%
Other Services, Ex. Public Admin	10,638	11	3.84%	8,827	11	3.79%
Transportation and Warehousing	6,400	12	2.31%	4,691	13	2.02%
Wholesale Trade	5,826	13	2.11%	4,666	14	2.00%
Information	5,520	14	1.99%	7,770	12	3.34%
Real Estate, Rental and Leasing	4,883	15	1.76%	3,830	16	1.65%
Arts, Entertainment and Recreation	3,908	16	1.41%	3,967	15	1.70%
Utilities	2,411	17	0.87%	2,587	17	1.11%
Management of Companies and	1,394	18	0.50%	978	18	0.42%
Agriculture, Forestry, Fishing &	522	19	0.19%	180	20	0.08%
Mining	40	20	0.01%	185	19	0.08%
Unclassified	35	21	0.01%	19	21	0.01%
Totals	<u>276,698</u>		<u>100.0%</u>	<u>232,754</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>
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%
2012	636,963	54,797	24,986,786	38,405	33.8	9.80%

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities:										
Instruction:										
Teachers	641.91	652.10	667.54	680.14	637.24	660.42	632.25	596.96	567.00	611.20
Aides	153.92	161.18	164.53	186.69	128.88	137.33	116.30	99.73	96.73	91.16
Tutors	2.25	6.50	7.57	10.50	6.75	7.50	14.90	14.90	0.00	0.00
Speech Pathologists	11.63	10.64	10.64	13.80	11.06	9.00	6.90	6.90	7.90	8.10
Total Instruction	809.71	830.42	850.28	891.13	783.93	814.25	770.35	718.49	671.63	710.46
Supporting Services:										
Administrators	61.50	66.00	62.50	52.00	54.00	58.60	61.00	59.00	57.10	56.60
Athletic Directors	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Athletic Trainers	0.60	0.60	1.20	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Nurses	4.00	3.00	5.00	7.50	5.00	4.23	5.75	5.75	5.00	6.88
Coordinators	24.92	40.43	46.42	34.40	28.50	23.00	20.00	20.00	16.00	13.50
Secretaries	66.06	63.00	70.88	70.75	68.55	71.25	65.75	64.75	66.01	68.13
Aides	7.00	4.68	2.88	1.23	1.00	1.80	0.00	0.00	0.00	0.00
Technicians	3.00	5.00	6.00	3.25	0.80	2.00	3.50	2.50	2.50	1.75
Teachers on Special Assignment	2.00	2.00	2.00	5.00	1.00	5.00	5.70	4.35	5.00	3.00
Counselors	26.50	28.50	31.00	28.50	39.40	29.00	29.00	29.00	29.50	29.80
Health Aides	17.12	14.30	16.00	21.46	16.69	16.68	16.63	16.63	16.63	16.19
Supervisors	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	2.75	4.75
Managers	0.00	0.00	0.00	0.00	3.20	4.60	2.00	1.00	0.00	0.00
Psychologists	9.60	11.00	13.00	15.00	12.00	10.50	12.00	5.40	6.80	10.50
Therapists	7.00	9.00	9.00	7.00	5.00	5.70	2.40	1.00	5.68	3.00
Audiologists	0.00	0.00	0.00	0.00	0.50	1.50	0.88	0.88	0.00	0.00
Social Workers	13.00	12.00	11.00	13.00	9.00	8.00	9.00	7.00	7.60	9.00
Library Technicians	14.31	16.56	17.31	18.06	17.45	16.76	12.38	12.38	12.38	12.37
Library Assistants	0.00	0.00	0.00	0.00	0.00	0.00	4.39	3.51	3.50	4.39
Librarians	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Total Supporting Services	258.61	278.07	296.19	280.15	265.09	261.62	254.38	237.15	239.45	245.86
Business Support Services:										
Administrators	6.00	7.00	5.00	3.00	3.00	2.20	2.50	2.50	2.50	2.50
Coordinators	1.00	1.00	1.00	3.10	2.00	2.00	2.00	1.00	0.00	0.00
Secretaries	4.00	4.00	3.50	4.00	3.00	4.00	6.00	4.50	4.50	3.50
Technicians	12.00	17.00	12.00	11.00	9.00	8.00	6.00	6.25	8.25	8.00
Supervisors	2.00	2.00	2.00	2.00	4.00	2.00	3.00	3.00	4.00	4.00
Managers	2.00	2.00	2.00	1.00	2.00	2.00	1.20	0.00	0.00	0.00
Social Workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Custodians	81.00	76.00	72.00	87.00	80.00	92.00	90.00	90.00	90.00	91.00
Skilled Craftmen	11.00	12.00	15.00	17.00	6.00	6.00	6.00	6.00	6.00	7.00
Security Guards	14.50	12.00	14.00	17.50	13.00	15.76	15.76	15.51	15.25	16.25
Bus Drivers	34.62	40.38	45.63	54.44	38.00	31.00	28.50	27.50	25.50	26.00
Total Business Support Services	168.12	173.38	172.13	200.04	160.00	164.96	160.96	156.26	156.00	158.25
Central Support Services:										
Administrators	5.00	5.00	5.00	6.00	6.00	5.80	5.50	5.50	4.50	4.50
Coordinators	2.00	2.00	1.00	1.75	1.00	1.00	0.00	0.00	1.00	1.00
Secretaries	8.00	8.00	8.00	6.00	4.00	5.63	4.63	5.13	4.00	4.50
Assistants	1.00	2.00	1.00	1.00	3.00	4.00	4.00	4.00	4.00	4.00
Technicians	9.50	11.00	13.00	17.50	17.50	16.00	18.00	18.75	20.00	19.25
Supervisors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Managers	8.00	7.00	9.00	8.00	6.00	5.00	1.00	2.00	1.00	1.00
Total Central Support Services	33.50	35.00	37.00	40.25	37.50	37.43	33.13	35.38	34.50	34.25
Community Services:										
Supervisors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Secretaries	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Group Leaders	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Central Support Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Food Services:										
Secretaries	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00
Supervisors	1.00	1.00	1.00	2.00	1.00	1.00	1.00	0.00	0.00	0.00
Managers	17.16	20.38	19.18	19.94	18.94	20.00	19.80	0.00	0.00	0.00
Technicians	2.00	1.00	2.00	4.00	1.00	2.00	2.00	0.00	0.00	0.00
Assistants	30.06	33.94	37.44	42.26	42.56	52.18	43.19	0.00	0.00	0.00
Total Food Service	51.22	57.32	60.62	69.20	64.50	76.18	66.99	0.00	0.00	0.00
Business-type Activities:										
Food Service										
Secretaries	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00
Supervisors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00
Managers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19.69	19.69	19.69
Technicians	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	2.00	1.00
Assistants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	43.19	43.19	43.19
Total Food Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00	66.88	66.88	65.88
Total	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	1,214.70

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>
2021	11,649	11,177.0	11,116.5	\$7,559	68.01%	5.84%	17.14
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
2012	11,108	10,260.5	10,355.1	8,516	63.56%	9.37%	16.79

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities:										
Instruction	\$ 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	\$ 135,793,770
Supporting Services	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	3,103,008
Business Support Services	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	6,971,150
Central Support Services	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	4,321,115
Food Service	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	1,749,585
Total	<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>	<u>\$ 151,938,628</u>

Source: School District Financial Records

Source: School District Financial Records

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
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	309	346	392	394	354	378	435	391	407	368	392
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	367	439	515	526	527	564	560	571	512	486	430
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	332	321	327	330	297	388	279	220	225	0	149
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	352	385	420	384	376	405	444	397	345	344	345
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	267	323	354	404	415	455	470	430	382	427	466
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	212	208	236	255	291	342	325	320	316	328	356
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	317	337	345	365	380	405	353	442	443	398
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	327	355	343	392	433	506	452	450	447	443	441
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	546	559	554	562	541	556	570	585	559	594	612
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	197	188	218	233	264	312	302	296	299	322	282
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	305	356	372	359	346	394	398	390	416	420	375

Source: School District Records

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
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	218	254	235	262	275	437	335	354	344	313	315
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	400	458	464	465	484	476	530	527	441	402	373
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	548	550	587	621	616	610	561	554	484	645	639
Sand Creek (1996)											
Square feet	91,785	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128
Capacity	750	609	609	609	609	609	609	609	609	609	609
Enrollment	571	505	468	485	522	505	519	529	569	555	531
Middle											
Carmel (1970)											
Square feet	100,405	109,737	109,737	109,737	109,737	109,737	109,737	109,737	109,737	109,737	109,737
Capacity	600	840	840	840	840	840	840	840	840	840	840
Enrollment	311	346	369	368	400	445	396	415	407	427	416
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	573	583	638	640	603	585	518	532	522	525	500
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	562	619	610	538	486	488	545	493	493	518	559
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	1,108	1,075	1,049	995	965	965	905	815	840	856	956
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	808	913	875	785	873	928	921	865	872	861	887
Other											
Gorman Education Center (1959) sold January 2013											
Square feet	0	0	0	0	0	0	0	0	0	99,250	99,250
Capacity	0	0	0	0	0	0	0	0	0	483	483
Enrollment	0	0	0	0	0	0	0	0	0	93	214

Source: School District Records

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
TEACHER SALARY INFORMATION BY FTE
FISCAL YEAR ENDING JUNE 30, 2020

<u>Step</u>	<u>Level</u>	<u>Salary</u>	<u>Teacher FTE</u>
1	Novice	\$40,314	76.0
2	Progressing I	\$42,436	123.6
3	Progressing II a	\$46,680	103.0
4	Progressing II b	\$48,205	8.0
5	Proficient I	\$50,923	233.0
6	Proficient II	\$56,732	66.5
7	Proficient III	\$63,036	18.0
8	Exemplary I	\$73,542	7.0
9	Exemplary II	\$83,224	-
10	Master	\$93,627	-
11	Non E&R	\$45,881	43.0
			<u>678.1</u>

Source: School District Records

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON

SINGLE AUDIT OF FEDERAL AWARDS

IN ACCORDANCE WITH UNIFORM GUIDANCE

JUNE 30, 2021

EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA 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					
National School Lunch Program	10.555		4555	\$ -	2,230
Summer Food Service Program for Children	10.559		4559		2,213,350
Summer Food Service Program for Children	10.559	COVID-19	4559		804,829
Passed Through Colorado Department of Human Services					
National School Lunch Program	10.555		4555		321,482
<i>Total Child Nutrition Cluster</i>					<u>3,341,891</u>
<i>Forest Service Schools and Roads Cluster</i>					
Passed Through El Paso County, Colorado					
National Forest Land Payments	10.665		7665		437
<i>Total Forest Service Schools and Roads Cluster</i>					<u>437</u>
Total U.S. Department of Agriculture					<u>3,342,328</u>
U.S. Department of Defense					
Direct Programs					
Reserve Officer Training Corps (ROTC)	12.Unknown				61,437
U.S. Department of the Treasury					
Passed Through Colorado Department of Education					
Coronavirus Relief Fund	21.019	COVID-19	4012, 5012, 6012		7,611,399
U.S. Department of Education					
Direct Programs					
Impact Aid	84.041				183,116
Passed Through Colorado Department of Education					
<i>Special Education Cluster</i>					
Special Education: Grants to States (IDEA Part B)	84.027		4027		2,982,374
Special Education: Preschool Grants	84.173		4173		95,820
<i>Total Special Education Cluster</i>					<u>3,078,194</u>
Title I Grants to LEAs, Title I, Part A	84.010		4010, 8010		4,721,216
Public Charter School Grant	84.242		5282, 8282		398,760
English Language Acquisition Grants, Title III, Part A	84.365		4365, 7365		162,045
Supporting Effective Instruction, Title II, Part A	84.367		4367		690,471
Student Support and Academic Enrichment Program	84.424A		4424		201,691
Education Stabilization Fund	84.425D	COVID-19	4420, 4425, 5525		3,365,658
Passed through Colorado Community College System					
Vocational Education - Carl Perkins	84.048		4048		131,738
Total U.S. Department of Education					<u>12,932,889</u>
Total Federal Awards				<u>\$ -</u>	<u>23,948,053</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, 2021

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, 2021. 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 a CFDA number, so the Federal CFDA 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, 2021, El Paso County School District No. 2 - Harrison received \$321,482 in non-cash assistance in the form of food commodities. Commodities are valued at fair market value at the time of receipt.



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

To the Board of Education
El Paso County School District No. 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, 2021, 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 February 17, 2022. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of El Paso County School District No. 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether El Paso County School District No. 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hoelting & Company Inc.

Colorado Springs, Colorado
February 17, 2022



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

We have audited El Paso County School District No. 2 - Harrison's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of El Paso County School District No. 2 - Harrison's major federal programs for the year ended June 30, 2021. 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.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of El Paso County School District No. 2 - Harrison's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about El Paso County School District No. 2 - Harrison's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of El Paso County School District No. 2 - Harrison's compliance.

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control Over Compliance

Management of El Paso County School District No. 2 - Harrison is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered El Paso County School District No. 2 - Harrison's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of El Paso County School District No. 2 - Harrison's internal control over compliance.

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

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

Purpose of this Report

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

Hoelting & Company Inc.

Colorado Springs, Colorado
February 17, 2022

**EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

___ yes x no

Federal Awards

Internal control over major programs?

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

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

Unmodified

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

___ yes x no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

CFDA 84.027 & 84.173

Special Education Cluster

CFDA 21.019

Coronavirus Relief Fund

CFDA 84.424A

Student Support and Academic Enrichment Program

CFDA 84.425D

Education Stabilization Fund

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

\$750,000

Auditee qualified as low-risk auditee?

x yes ___ no

**EL PASO COUNTY SCHOOL DISTRICT NO. 2 - HARRISON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section II—Financial Statement Findings

No findings reported.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2020. 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, 2021 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.

**COLORADO SCHOOL DISTRICT/BOCES AUDITORS'
DATA INTEGRITY REPORT**



**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 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, 2021, which collectively comprise El Paso County School District No. 2 - Harrison's basic financial statements, and our report thereon dated February 17, 2022, which expressed an unmodified opinion on those financial statement, appears as listed in the table of contents. Other auditors audited the financial statements of the discretely presented component units, as described in our report on the District's 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 financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hoelting & Company Inc.

Colorado Springs, Colorado
February 17, 2022



Colorado Department of Education
Auditors Integrity Report
District: 0980 - Harrison 2
Fiscal Year 2020-21
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	26,554,169	94,093,201	87,315,711	33,331,659
18 Risk Mgmt Sub-Fund of General Fund	214,569	1,634,850	1,661,423	187,996
19 Colorado Preschool Program Fund	0	1,724,644	1,724,644	0
Sub- Total	26,768,738	97,452,695	90,701,778	33,519,655
11 Charter School Fund	18,712,899	28,710,875	22,672,192	24,751,582
20,26-29 Special Revenue Fund	720,646	4,937,763	4,966,874	691,535
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	1,850,311	3,424,976	3,457,917	1,817,369
22 Govt Designated-Purpose Grants Fund	0	19,741,433	19,741,434	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	12,555,017	15,782,663	15,024,533	13,313,148
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	66,403,227	719,717	44,970,530	22,152,414
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,420,027	12,985	586,363	846,649
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	128,430,865	170,783,107	202,121,622	97,092,350
Proprietary				
50 Other Enterprise Funds	6,120,041	1,122,635	1,301,979	5,940,696
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	1,316,784	7,263	2,229,837	-905,790
Totals	7,436,825	1,129,897	3,531,815	5,034,907
Fiduciary				
70 Other Trust and Agency Funds	232,643	231,824	114,708	349,759
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	-2,857,723	1,403,179	1,666,504	-3,121,048
Totals	-2,625,080	1,635,002	1,781,212	-2,771,289

FINAL



Harrison School District Two
Character Through Diversity, Challenge & Accomplishment

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

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

February 2022