

El Paso County School District No. 8

Financial Statements

June 30, 2021

EL PASO COUNTY SCHOOL DISTRICT NO. 8

TABLE OF CONTENTS

Independent Auditors' Report

Management's Discussion and Analysis

i - viii

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position	1
Statement of Activities	2

Governmental Financial Statements

Balance Sheet - Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	5
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	6

Notes to the Financial Statements	7
-----------------------------------	---

Required Supplementary Information

Schedule of Proportionate Share of Net Pension Liability and Contributions Public Employee's Retirement Association of Colorado - School Division Trust Fund	37
Schedule of Proportionate Share of Net OPEB Liability and Contributions Public Employee's Retirement Association of Colorado - Health Care Trust Fund	38
Budgetary Comparison Schedule - General Fund	39
Budgetary Comparison Schedule - Designated Purpose Grants Fund	43

EL PASO COUNTY SCHOOL DISTRICT NO. 8

TABLE OF CONTENTS (Continued)

Other Supplementary Information

Combining Balance Sheet - Nonmajor Governmental Funds	44
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	45
Budgetary Comparison Schedule - Food Service Fund	46
Budgetary Comparison Schedule - Pupil Activity Agency Fund	47
Budgetary Comparison Schedule - Building Fund	48
Budgetary Comparison Schedule - Capital Projects Fund	49

Compliance Section

Single Audit

Schedule of Expenditures of Federal Awards	50
Notes to Schedule of Expenditures of Federal Awards	51
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 <i>Government Auditing Standards</i>	52
Independent Auditors' Report on Compliance for Each Major Federal Program, Internal Control Over Compliance, and the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	54
Schedule of Findings and Questioned Costs	56
Summary of Prior Audit Findings	58

State Compliance

Independent Auditors' Report on Colorado Auditor's Integrity Report	59
Auditors Integrity Report	60



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Paso County School District No. 8, as of and for the year ended June 30, 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.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 8, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso County School District No. 8's basic financial statements. The Other Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2021, on our consideration of the El Paso County School District No. 8's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering El Paso County School District No. 8's internal control over financial reporting and compliance.

Hoelting & Company Inc.

Colorado Springs, Colorado
November 11, 2021

Management's Discussion and Analysis

As management of El Paso County School District No. 8, we offer readers of the District's Basic Financial Statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the information furnished in our financial statements.

Financial Highlights

- The District's assets exceeded its liabilities at the close of the most recent fiscal year by \$42,405,280 (net position). This includes the net pension liability of \$151,704,485 and net OPEB liability of \$5,515,078 reported in compliance with GASB 68 which requires all PERA contributors to record their share of the net pension liability on the Statement of Net Position. More information on GASB 68 can be found in the notes to the financial statements.
- The District's total net position increased by \$51,108,553 during the fiscal year.
- At the close of the current fiscal year, the District's *governmental funds* reported combined ending fund balances of \$21,956,493, which represents a decrease of \$4,959,262 from the prior year.
- The *governmental funds* reported an unassigned fund balance of \$6,054,538 in the General Fund, and assigned fund balances of \$150,422 in the Insurance Reserve sub-fund of the General Fund, of \$9,815,772 in the Building Fund, \$1,316,225 in the Capital Projects Fund, \$1,407,456 in the Food Service Fund, and \$223,514 in the Pupil Activity Fund.
- At June 30, 2021, \$2,100,000 of the General Fund fund balance was restricted for the emergency contingency required by Article X, Section 20 of the Colorado Constitution (TABOR).
- During 2021, the District received \$32,454,910 in federal Impact Aid funding which is recorded in the General Fund.

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include: instruction, instructional support, administration, central support services, food service operations and community services.

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

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

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

Governmental Funds (continued)

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

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

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

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

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

Government-Wide Financial Analysis

- As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources resulting in a net position of \$42,405,280 at the close of the most recent fiscal year.
- \$198,014,273 of net position represents the District's net investment in capital assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.
- A portion of the District's net position totaling \$2,815,589 represents resources that are subject to external restriction on how they may be used.

Government-Wide Financial Analysis (Continued)

- A key component of the District's net governmental position is the large net pension liability of \$151,704,485. Prior to the implementation of Statement 68 from the Governmental Accounting Standards Board (GASB), the District was not required as a contributor to PERA to record their share of the net pension liability. The implementation of GASB 68 is outlined in the notes to the basic financial statements.
- Due to the addition of the net pension liability, at the end of the current fiscal year the District's unrestricted net deficit balance is negative \$158,424,582.
- During 2021, District-wide net position increased by \$51,108,553.
- The District's ability to finance services in the future is reflected by the difference between current assets (those that will be converted into cash within one year) and current liabilities (amounts payable within one year). The District's current asset ratio at June 30, 2021 is 2.31 (2.43 at June 30, 2020) meaning the District has liquid assets equal to 2.31 times its other liabilities.

PRIMARY GOVERNMENT CONDENSED STATEMENT OF NET POSITION

	Governmental Activities	
	2021	2020
ASSETS		
Current assets	\$ 37,244,272	\$ 44,489,272
Capital assets	209,115,242	190,809,214
Total assets	246,359,514	235,298,486
DEFERRED OUTFLOWS	48,198,806	16,579,120
LIABILITIES		
Other liabilities	16,109,839	18,321,994
Long-term debt	170,023,498	151,788,905
Total liabilities	186,133,337	170,110,899
DEFERRED INFLOWS	66,019,703	90,469,980
NET POSITION		
Net investment in capital assets	198,014,273	178,923,897
Restricted	2,815,589	2,981,708
Unrestricted	(158,424,582)	(190,608,878)
Total net position	\$ 42,405,280	\$ (8,703,273)

Governmental Activities. Governmental activities increased the District's net position by \$51,108,553, thereby accounting for 100% of the total change in the net position of the District.

- The cost of all governmental activities was \$66,766,187.
- Users of the District's governmental programs financed \$406,410.
- Federal and state governments subsidized certain programs with operating grants totaling \$17,844,702, including \$5,647,737 of federal corona virus funds.
- General revenues for governmental activities of \$99,583,628 include \$4,315,264 of property taxes, \$59,600,690 of state equalization, and \$34,552,215 of federal impact aid funding.

PRIMARY GOVERNMENT CONDENSED STATEMENT OF CHANGES IN NET POSITION

	Governmental Activities	
	2021	2020
REVENUES		
Program Revenues:		
Charges for services	\$ 406,410	\$ 1,026,982
Operating grants and contributions	17,884,702	12,767,575
Capital grants and contributions	-	2,047,751
General Revenues:		
Property and specific ownership taxes	4,820,086	4,757,436
State equalization	59,600,690	63,226,316
Impact aid	34,552,215	31,554,751
Net gain on insurance proceeds	-	4,322,327
Other revenue	584,855	1,001,261
Earnings on investments	25,782	407,930
Total Revenues	<u>117,874,740</u>	<u>121,112,329</u>
EXPENSES		
Instruction	34,541,590	47,583,361
Instructional supporting services	6,122,927	8,433,583
Administration	4,327,998	6,325,819
Support services	17,318,899	19,820,861
Community services	4,044,516	3,852,709
Interest and fiscal charges	410,257	438,407
Total Expenses	<u>66,766,187</u>	<u>86,454,740</u>
Increase (decrease) in net position	51,108,553	34,657,589
Beginning net position	<u>(8,703,273)</u>	<u>(43,360,862)</u>
Ending net position	<u>\$ 42,405,280</u>	<u>\$ (8,703,273)</u>

Financial Analysis of the District's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$21,956,493. Approximately 28% of this total amount constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *non-spendable, restricted, or assigned* to indicate that it is not available for new spending because it has already been committed for various purposes including 1) for purchased inventory, 2) insurance activities, 3) for constitutional amendment, 4) multi-year obligations, and 5) future capital projects.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,054,538, while total fund balance reached \$8,988,999. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 7.4% of total General Fund expenditures, while total fund balance represents 11.0% of that same amount.

The fund balance of the District's General Fund increased by \$670,206 during the current fiscal year compared to an increase of \$1,569,066 in the prior year.

General Fund revenue totaled \$105,042,586 during the current fiscal year compared to \$106,824,422 in the prior year. This reflects a decrease in state equalization which was partially off-set by an increase in impact aid funding.

Fund balance for the Building Fund, a major governmental fund, decreased by \$4,318,792 compared to an increase of \$1,663,145 in the prior year due to on-going construction projects and decreased state and federal grants.

Major Fund Budgetary Highlights

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

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

Differences between the original general fund expenditures budget and the final amended budget was a decrease of \$1,175,645 or -1.3% of the total original budget. The final General Fund budget for revenues increased by \$1,224,534 or 1.2% of the original budget and was the primarily from an increase in federal impact aid.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets as of June 30, 2021 amounts to \$198,014,273 (net of accumulated depreciation and related debt). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery, equipment, and vehicles. The net increase in the District's capital assets for the current fiscal year was \$18,306,029, which represents an increase of 9.6% over the June 30, 2020 balance.

During the year, the District completed phase one of the Mesa Elementary School remodel and began construction of phases two and three plus substantially completed construction of the new AIM Education Center.

Debt Administration. The balance outstanding on the District's Certificates of Participation, issued to shorten the new Fountain Middle School construction timeline, was \$10,875,000 at June 30, 2021.

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

Economic Factors and Next Year's Budgets

Enrollment in the school District decreased during 2020-21 primarily due to the lack of troop movement at Fort Carson during the COVID-19 pandemic and a reluctance of families to participate in in-person learning.

Although there continues to be residential growth in the City of Fountain, infrastructure limitations may result in a slowing of growth in the next few years. The next residential construction project on Fort Carson will be to rebuild homes in the Cherokee West village. Initial demolition of vacant units is scheduled in the upcoming school year.

The majority of the District's funding is based on pupil count. Instability caused by the demolition and replacement of housing units on Post and deployment of thousands of soldiers makes estimating pupils much more difficult. Enrollment for the 2021-22 school year is expected to be slightly higher as the pandemic wanes and families become more comfortable with resuming in-person learning. It is anticipated that the District will have fluctuations in student growth through the coming years and anticipates enrollment to increase over the next five years.

The District is reviewing several options to accommodate changing instructional needs and possible student growth through fiscal year 2025-26 including completion of the Mesa Elementary School expansion, construction of a new 5-A gymnasium and career-tech center at Fountain-Fort Carson High School, and replacement/expansion of Abrams Elementary School on Fort Carson.

Requests for Information

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

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

Basic Financial Statements

EL PASO COUNTY SCHOOL DISTRICT NO. 8
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government Governmental Activities
ASSETS	
Cash and investments	\$ 33,666,287
Accounts receivable	136,915
Taxes receivable	154,889
Intergovernmental receivables	3,113,205
Inventories and prepaid expenses	172,976
Capital assets, not being depreciated	22,005,431
Capital assets, depreciated, net	187,109,811
Total assets	246,359,514
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, net of accumulated amortization	47,788,511
OPEB, net of accumulated amortization	410,295
Total assets and deferred outflows of resources	294,558,320
LIABILITIES	
Accounts payable and other current liabilities	4,029,267
Accrued salaries and benefits	9,854,290
Unearned revenues	1,152,078
Accrued interest payable	56,951
Non-current liabilities due within one year	1,017,253
Non-current liabilities due in more than one year:	
Compensated absences	2,515,219
Vehicle lease	153,716
Certificates of Participation (COP)	10,135,000
Net pension liability	151,704,485
Net OPEB liability	5,515,078
Total liabilities	186,133,337
DEFERRED INFLOWS OF RESOURCES	
Pensions, net of accumulated amortization	64,243,693
OPEB, net of accumulated amortization	1,776,010
Total liabilities and deferred inflows of resources	252,153,040
NET POSITION	
Net investment in capital assets	198,014,273
Restricted for	
Mill levy override	
Instructional materials and salaries	202,557
Constitutional amendment (TABOR)	2,100,000
BEST Grant capital renewal reserve	142,000
Multi-year obligations	371,033
Unrestricted	(158,424,582)
Total net position	\$ 42,405,280

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 34,541,590	\$ 53,561	\$ 11,129,427	\$ -	\$ (23,358,602)
Instructional support	6,122,927	-	1,448,174	-	(4,674,753)
Administration	4,327,998	-	84,564	-	(4,243,434)
Central support services	17,318,899	352,849	5,198,551	-	(11,767,499)
Community services	4,044,516	-	23,986	-	(4,020,530)
Interest and fiscal charges	410,257	-	-	-	(410,257)
Total primary government	\$ 66,766,187	\$ 406,410	\$ 17,884,702	\$ -	(48,475,075)
General revenues:					
Property taxes					4,315,264
Specific ownership taxes					504,822
State equalization					59,600,690
Federal impact aid					34,552,215
Investment earnings					25,782
Miscellaneous revenues					584,855
Total general revenues					<u>99,583,628</u>
Change in net position					51,108,553
Net position, beginning of year					<u>(8,703,273)</u>
Net position, end of year					<u>\$ 42,405,280</u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Designated Purpose Grants Fund	Building Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 18,470,125	\$ 290,695	\$ 12,250,037	\$ 2,655,430	\$ 33,666,287
Accounts receivable	117,462	10,935	4	8,514	136,915
Taxes receivable	154,889	-	-	-	154,889
Internal balances	43,640	-	120	-	43,760
Intergovernmental receivables	385,915	2,154,938	-	572,352	3,113,205
Prepaid expenditures	-	-	-	28,408	28,408
Inventories	110,449	-	-	34,119	144,568
Total assets	<u>\$ 19,282,480</u>	<u>\$ 2,456,568</u>	<u>\$ 12,250,161</u>	<u>\$ 3,298,823</u>	<u>\$ 37,288,032</u>
LIABILITIES					
Accounts payable	\$ 474,623	\$ 973,154	\$ 1,730,198	\$ 147,101	\$ 3,325,076
Accrued salaries and benefits	8,426,713	1,427,577	-	-	9,854,290
Accrued liabilities	205,000	-	704,191	-	909,191
Internal balances	120	43,640	-	-	43,760
Unearned revenues	1,139,881	12,197	-	-	1,152,078
Total liabilities	<u>10,246,337</u>	<u>2,456,568</u>	<u>2,434,389</u>	<u>147,101</u>	<u>15,284,395</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	<u>47,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,144</u>
FUND BALANCES					
Nonspendable					
Inventories	110,449	-	-	34,119	144,568
Prepaid expenditures	-	-	-	28,408	28,408
Restricted					
Mill levy override					
Instructional materials and salaries	202,557	-	-	-	202,557
Constitutional amendment (TABOR)	2,100,000	-	-	-	2,100,000
Multi-year obligations	371,033	-	-	-	371,033
BEST Grant capital renewal reserve	-	-	-	142,000	142,000
Assigned					
Insurance activities	150,422	-	-	-	150,422
Food service	-	-	-	1,407,456	1,407,456
Pupil activities	-	-	-	223,514	223,514
Capital projects	-	-	9,815,772	1,316,225	11,131,997
Unassigned	<u>6,054,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,054,538</u>
Total fund balances	<u>8,988,999</u>	<u>-</u>	<u>9,815,772</u>	<u>3,151,722</u>	<u>21,956,493</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,282,480</u>	<u>\$ 2,456,568</u>	<u>\$ 12,250,161</u>	<u>\$ 3,298,823</u>	<u>\$ 37,288,032</u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2021

Total fund balances--governmental funds \$ 21,956,493

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at year-end consist of:

	Land	\$ 3,560,545	
	Construction in Progress	18,444,886	
	Depreciable Assets	247,800,235	
	Less: Accumulated Depreciation	<u>(60,690,424)</u>	
			209,115,242

Property tax revenue not available to pay for current period expenditures is deferred in the governmental funds but recorded as general revenues in the statement of activities. 47,144

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

	COP's payable	\$ (10,875,000)	
	Accrued interest payable	(56,951)	
	Vehicle lease payable	(225,969)	
	Compensated absences	(2,515,219)	
	Net pension liability	(151,704,485)	
	Pension-related deferred outflows of resources	47,788,511	
	Pension-related deferred inflows of resources	(64,243,693)	
	Net OPEB liability	(5,515,078)	
	OPEB-related deferred outflows of resources	410,295	
	OPEB-related deferred inflows of resources	<u>(1,776,010)</u>	
			<u>(188,713,599)</u>

Total net position--governmental activities \$ 42,405,280

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General Fund	Designated Purpose Grants Fund	Building Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES					
Local sources	\$ 5,422,353	\$ 69	\$ 76,074	\$ 448,693	\$ 5,947,189
State sources	64,827,347	-	-	29,667	64,857,014
Federal sources	34,792,886	9,121,739	-	3,207,331	47,121,956
Total revenues	105,042,586	9,121,808	76,074	3,685,691	117,926,159
EXPENDITURES					
Current					
Instruction	45,850,892	6,620,552	-	1,477,860	53,949,304
Instructional support	8,502,956	1,200,907	-	-	9,703,863
Administration	7,536,180	84,633	-	-	7,620,813
Central Support Services	18,510,004	1,191,730	86,170	2,114,755	21,902,659
Community services	1,099,907	23,986	-	3,062,721	4,186,614
Capital Outlay	-	-	23,790,072	531,750	24,321,822
Debt service					
Principal retirement	-	-	715,000	69,348	784,348
Interest and fees	-	-	403,624	12,374	415,998
Total expenditures	81,499,939	9,121,808	24,994,866	7,268,808	122,885,421
Excess (Deficiency) of revenues over expenditures	23,542,647	-	(24,918,792)	(3,583,117)	(4,959,262)
OTHER FINANCING SOURCES (USES)					
Proceeds from insurance claims	-	-	-	-	-
Transfers in	-	-	20,600,000	2,272,441	22,872,441
Transfers (out)	(22,872,441)	-	-	-	(22,872,441)
Total other financing sources (uses)	(22,872,441)	-	20,600,000	2,272,441	-
Net change in fund balances	670,206	-	(4,318,792)	(1,310,676)	(4,959,262)
Fund balances, beginning of year	8,318,793	-	14,134,564	4,462,398	26,915,755
Fund balances, end of year	\$ 8,988,999	\$ -	\$ 9,815,772	\$ 3,151,722	\$ 21,956,493

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Net change in fund balances -- governmental funds \$ (4,959,262)

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

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

Capital outlays	\$	23,916,505	
Depreciation expense		<u>(5,610,476)</u>	
			18,306,029

Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in property taxes not available as current resources. (51,419)

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

Vehicle Lease	69,348
---------------	--------

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

COP principal payment	715,000
-----------------------	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Change in accrued interest payable	\$	5,741	
Change in compensated absences		(82,339)	
Change in net pension liability		(19,927,557)	
Change in pension-related deferred outflows of resources		31,605,384	
Change in pension-related deferred inflows of resources		25,029,595	
Change in net OPEB liability		963,050	
Change in OPEB-related deferred outflows of resources		14,302	
Change in OPEB-related deferred inflows of resources		<u>(579,318)</u>	
			<u>37,028,858</u>

Change in net position of governmental activities \$ 51,108,554

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT

El Paso County School District No. 8 (the School District or District) was established in 1890 and is organized under the Constitution of the State of Colorado. The legislative power of the school district is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms. This Board controls the District's 14 instructional/support facilities staffed by 446 non-certificated employees and 615 certificated employees to provide services to approximately 8,227 students and other community members.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A - Reporting Entity

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

B - Government-Wide and Fund Financial Statements

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For general revenues, the District considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. For grant funding, the District considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The District reports the following major funds:

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

1 - Deposits and Investments

Colorado State Statutes authorize the District to invest in:

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

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

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

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

2 - Receivables

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

Property taxes for the current year are certified in arrears in December, and attach as a lien on property the previous January 1. For example, property taxes owed in fiscal 2021 are certified to the County in December 2020 and are available for collection on the levy date, January 1, 2021. Property taxes are payable in full by April 30, or in two equal installments due February 28 and June 15. The County bills and collects property taxes for all taxing districts in the County. The property tax receipts collected by the County are remitted to the District in the subsequent month.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3 – Prepaid Expenses

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

4 - Inventories

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

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

5 - Capital Assets

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

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

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

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

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

6 - Accrued Salaries and Benefits

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

7 – Unearned Revenues

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8 - Long-term Obligations

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

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

9 - Compensated Absences

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

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

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

10 - Pensions

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2021.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11 – Health Care Trust Fund

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

12 - Deferred Inflows of Resources

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

13 - Net Position/Fund Balance

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

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

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DEPOSITS AND INVESTMENTS

At June 30, 2021, the District had the following cash and investments:

Cash on hand	\$ 1,600
Deposits	17,052,064
Investments	16,612,623
Total	<u>\$33,666,287</u>

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

Cash and Investments - Primary Government	<u>\$ 33,666,287</u>
---	----------------------

Deposits

The Colorado Public Deposit and Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows financial institutions to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2021, the District had uninsured, collateralized deposits of \$18,380,817 held by the financial institution's agent, but not in the District's name.

Investments

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

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

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

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

Local Government Investment Pool - As of June 30, 2021, the District had \$16,612,623 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST). The Trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Trust. The Trust operates in conformity with the Securities and Exchange Commission's Rule 2a-7. The Trust is measured at the net asset value per share, with each share valued at \$1. The Trust is rated AAAM by Standard and Poor's. Investments of the Trust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 CAPITAL ASSETS

Activity for capital assets during the year ended June 30, 2021, was as follows.

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,560,545	\$ -	\$ -	\$ 3,560,545
Construction in progress	8,115,220	22,741,743	12,412,077	18,444,886
Total capital assets, not being depreciated	<u>11,675,765</u>	<u>22,741,743</u>	<u>12,412,077</u>	<u>22,005,431</u>
Capital assets, being depreciated:				
Buildings	220,128,772	12,412,077	-	232,540,849
Equipment	6,209,319	512,781	-	6,722,100
Buses/Other vehicles	8,099,371	661,981	224,066	8,537,286
Total capital assets being depreciated	<u>234,437,462</u>	<u>13,586,839</u>	<u>224,066</u>	<u>247,800,235</u>
Less accumulated depreciation for:				
Buildings	45,444,356	4,650,817	-	50,095,173
Equipment	4,436,829	390,050	-	4,826,879
Buses/Other vehicles	5,422,829	569,609	224,066	5,768,372
Total accumulated depreciation	<u>55,304,014</u>	<u>5,610,476</u>	<u>224,066</u>	<u>60,690,424</u>
Total capital assets, being depreciated, net	<u>179,133,448</u>	<u>7,976,363</u>	<u>-</u>	<u>187,109,811</u>
Governmental activities capital assets, net	<u>\$ 190,809,213</u>	<u>\$ 30,718,106</u>	<u>\$ 12,412,077</u>	<u>\$ 209,115,242</u>

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

Governmental activities:

Instruction	\$ 3,085,762
Instructional Support	561,048
Administration	392,733
Central Support Services	1,570,933
Total Depreciation Expense - Governmental Activities	<u>\$ 5,610,476</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Following is a summary of long-term debt transactions for the year ended June 30, 2021.

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2018 Certificates of Participation	\$ 11,590,000	\$ -	\$ 715,000	\$ 10,875,000	\$ 740,000
Vehicle Lease	295,317	-	69,348	225,969	72,253
Compensated Absences	2,637,880	312,950	230,611	2,720,219	205,000
Total	<u>\$ 14,523,197</u>	<u>\$ 312,950</u>	<u>\$ 1,014,959</u>	<u>\$ 13,821,188</u>	<u>\$ 1,017,253</u>

Certificates of Participation

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

Future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	740,000	376,079	1,116,079
2023	770,000	349,050	1,119,050
2024	795,000	321,037	1,116,037
2025	825,000	292,039	1,117,039
2026	855,000	261,967	1,116,967
2027 - 2031	4,745,000	820,269	5,565,269
2032 - 2033	2,145,000	77,418	2,222,418
Total	<u>\$ 10,875,000</u>	<u>\$ 2,497,859</u>	<u>\$ 13,372,859</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 LONG-TERM LIABILITIES (Continued)

Vehicle Lease

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

Future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	72,253	9,468	81,721
2023	75,281	6,441	81,722
2024	78,435	3,286	81,721
Total	<u>\$ 225,969</u>	<u>\$ 19,195</u>	<u>\$ 245,164</u>

Compensated Absences

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

Equipment Leases

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

NOTE 6 INTERFUND TRANSFERS

During the year ended June 30, 2021, the General Fund transferred \$100,000 to the Pupil Activity Fund in support of co-curricular activities, and \$20,600,000 to the Building Fund and \$2,172,441 to the Capital Projects Fund for construction and improvement projects.

NOTE 7 RISK MANAGEMENT

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 COMMITMENTS AND CONTINGENT LIABILITIES

Claims and Judgments

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

Litigation

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

Construction Commitments

The District has active construction projects as of June 30, 2021. One school replacement and remodel project and a new instructional facility and arena complex on the high school campus are recorded in the Building Fund. At year end, the District's commitments with contractors are as follows:

	Committed for	
<u>Construction Project:</u>	<u>Spent to Date</u>	<u>Next Fiscal Year</u>
Mesa Elementary School	\$ 19,334,676	\$ 3,700,000
FFCHS AIM Building	8,703,866	700,000
FFCHS Arena Complex	2,818,423	16,000,000
Total Commitments	<u>\$ 30,856,965</u>	<u>\$ 20,400,000</u>

Capital Renewal Reserve

In 2010, the District was awarded a Building Excellent Schools Today (BEST) grant from the State of Colorado in the amount of \$3,261,355 to assist with construction of a new elementary school. In accordance with the related State statutes, the District is required to establish a capital renewal reserve for the purpose of replacing major facility systems such as roofs, interior finishes, electrical systems and heating, ventilating, and air conditioning systems. During the year, the District contributed \$14,000 to the capital renewal reserve. At June 30, 2021, the reserve was reported as restricted fund balance in the Capital Projects Fund, in the amount of \$142,000.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the El Paso County School District No. 8 are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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 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. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

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

Contributions provisions as of June 30, 2021: Eligible employees of, El Paso County School District No. 8 and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 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 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. 8 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from El Paso County School District No. 8 were \$10,705,293 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. 8 proportion of the net pension liability was based on El Paso County School District No. 8 contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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. 8 reported a liability of \$151,704,485 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the El Paso County School District No. 8 as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with El Paso County School District No. 8 were as follows:

El Paso County School District No. 8 proportionate share of the net pension liability	\$ 151,704,485
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with El Paso County School District No. 8	-
Total	\$ 151,704,485

At December 31, 2020, the El Paso County School District No. 8 proportion was 1.0034704008 percent, which was an increase of 0.1214165693% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the El Paso County School District No. 8 recognized pension expense of (\$36,707,422) and no revenue for support from the State as a nonemployer contributing entity. At June 30, 2021, the El Paso County School District No. 8 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 8,335,407	\$ -
Changes of assumptions or other inputs	14,593,500	25,500,240
Net difference between projected and actual earnings on pension plan investments	-	33,393,608
Changes in proportion and differences between contributions recognized and proportionate share of contributions	19,449,974	5,349,845
Contributions subsequent to the measurement date	5,409,630	N/A
Total	\$ 47,788,511	\$ 64,243,693

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$5,409,630 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	\$ (23,646,556)
2023	9,853,731
2024	(2,803,958)
2025	(5,268,029)
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 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic) ¹	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) ¹	Financed by the Annual Increase Reserve (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.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial assumptions (continued)

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

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

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

The actuarial assumptions used in the December 31, 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 the PERA 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 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.40 – 11.00 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 ¹	Financed by the Annual Increase Reserve (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.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial assumptions (continued)

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.

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. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial assumptions (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 rate of return assumption of 7.25%.

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 the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Discount rate (continued)

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. 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 and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 206,937,342	\$ 151,704,485	\$ 105,677,314

Pension plan fiduciary net position. Detailed information about the SCHDTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Health Care Trust Fund

Plan description. Eligible employees of the El Paso County School District No. 8 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (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 basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

PERA Benefit Structure (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. 8 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from El Paso County School District No. 8 were \$549,276 for the year ended June 30, 2021.

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

At June 30, 2021, the El Paso County School District No. 8 reported a liability of \$5,515,078 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. 8 proportion of the net OPEB liability was based on El Paso County School District No. 8 contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the El Paso County School District No. 8 proportion was 0.5803970899 percent, which was an increase of 0.0040501591% from its proportion measured as of December 31, 2019.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

For the year ended June 30, 2021, the El Paso County School District No. 8 recognized OPEB expense of \$(398,034). At June 30, 2021, the El Paso County School District No. 8 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 14,638	\$ 1,212,479
Changes of assumptions or other inputs	41,208	338,180
Net difference between projected and actual earnings on OPEB plan investments	-	225,351
Changes in proportion and differences between contributions recognized and proportionate share of contributions	76,886	-
Contributions subsequent to the measurement date	277,563	N/A
Total	\$ 410,295	\$ 1,776,010

\$277,563 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, 2021:	
2022	\$ (381,834)
2023	(350,308)
2024	(392,948)
2025	(372,847)
2026	(136,658)
Thereafter	(8,683)

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

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

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

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 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 Premiums
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 are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

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

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

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

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
	Entry age	Entry age	Entry age	Entry age
Actuarial cost method				
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.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

The 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.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

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 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 measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 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 or 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 were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

The PERA 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 rate of return assumption of 7.25%.

Sensitivity of the El Paso County School District No. 8 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
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	\$ 5,372,533	\$ 5,515,078	\$ 5,681,020

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

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.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 6,317,622	\$ 5,515,078	\$ 4,829,368

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 TAX, SPENDING AND DEBT LIMITATIONS

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

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

The TABOR Amendment requires the District to establish a reserve for emergencies. At June 30, 2021, the District’s reserve of \$2,100,000 was reported as restricted fund balance in the General Fund.

Required Supplementary Information

EL PASO COUNTY SCHOOL DISTRICT NO. 8
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEE'S RETIREMENT ASSOCIATION OF COLORADO - SCHOOL DIVISION TRUST FUND
June 30, 2021

	2020 *	2019	2018	2017	2016	2015	2014	2013
PROPORTIONATE SHARE OF NET PENSION LIABILITY								
District's proportion of net pension liability (asset)	1.0034704008%	0.8820538315%	0.8858485315%	1.0060639759%	1.0142534803%	1.0091385263%	0.9906728422%	0.9607746117%
District's proportionate share of the net pension liability (asset)	\$ 151,704,485	\$ 131,776,928	\$ 156,857,678	\$ 325,325,334	\$ 301,982,482	\$ 154,340,613	\$ 134,269,447	\$ 122,546,542
State's proportionate share of the net pension liability (asset) associated with the District	-	16,714,227	21,448,109	-	-	-	-	-
	<u>\$ 151,704,485</u>	<u>\$ 148,491,155</u>	<u>\$ 178,305,787</u>	<u>\$ 325,325,334</u>	<u>\$ 301,982,482</u>	<u>\$ 154,340,613</u>	<u>\$ 134,269,447</u>	<u>\$ 122,546,542</u>
District's covered payroll	\$ 53,671,992	\$ 51,835,047	\$ 48,699,851	\$ 46,408,542	\$ 45,521,512	\$ 43,978,026	\$ 41,502,085	\$ 38,731,884
District's proportionate share of the net pension liability (asset) as a percentage of covered payroll	282.65%	254.22%	322.09%	701%	663%	351%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	67.0%	64.5%	57.0%	44%	43%	59%	63%	64%

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

	2021 **	2020	2019	2018	2017	2016	2015	2014
DISTRICT CONTRIBUTIONS								
Statutorily required contributions	\$ 10,705,293	\$ 10,444,347	\$ 9,559,382	\$ 8,916,032	\$ 8,391,301	\$ 7,977,683	\$ 7,240,669	\$ 6,406,164
Contributions in relation to the statutorily required contributions	<u>(10,705,293)</u>	<u>(10,444,347)</u>	<u>(9,559,382)</u>	<u>(8,916,032)</u>	<u>(8,391,301)</u>	<u>(7,977,683)</u>	<u>(7,240,669)</u>	<u>(6,406,164)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District covered payroll	\$ 53,849,565	\$ 53,892,399	\$ 49,970,632	\$ 47,224,716	\$ 45,654,521	\$ 44,995,392	\$ 42,894,959	\$ 40,088,636
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 year were determined as of 6/30.

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

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEE'S RETIREMENT ASSOCIATION OF COLORADO - HEALTH CARE TRUST FUND
June 30, 2021

	<u>2020 *</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PROPORTIONATE SHARE OF NET OPEB LIABILITY				
District's proportion of net OPEB liability (asset)	0.5803970899%	0.5763469308%	0.5758063774%	0.5716412205%
District's proportionate share of the net OPEB liability (asset)	\$ 5,515,078	\$ 6,478,128	\$ 7,834,088	\$ 7,429,049
District's covered payroll	\$ 53,671,992	\$ 51,835,047	\$ 48,699,851	\$ 46,408,542
District's proportionate share of the net OPEB liability (asset) as a percentage of covered payroll	10.28%	12.50%	16.09%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	24.5%	24.5%	17.0%	17.5%

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

	<u>2021 **</u>	<u>2020 **</u>	<u>2019</u>	<u>2018</u>
DISTRICT CONTRIBUTIONS				
Statutorily required contributions	\$ 549,276	\$ 549,711	\$ 509,704	\$ 481,715
Contributions in relation to the statutorily required contributions	<u>(549,276)</u>	<u>(549,711)</u>	<u>(509,704)</u>	<u>(481,715)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District covered - employee payroll	\$ 53,849,565	\$ 53,892,399	\$ 49,970,632	\$ 47,224,746
Contributions as a percentage of covered - employee payroll	1.02%	1.02%	1.02%	1.02%

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

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

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget			Variance with Final Budget Positive (Negative)
REVENUES	Original	Final	Actual	
Local sources				
Property taxes	\$ 4,030,000	\$ 4,265,000	\$ 4,366,683	\$ 101,683
Specific ownership taxes	350,000	384,000	504,822	120,822
Tuition	-	25,000	55,681	30,681
Interest on investments	25,050	15,025	11,812	(3,213)
Miscellaneous	544,027	416,227	483,355	67,128
Total local sources	4,949,077	5,105,252	5,422,353	317,101
State sources				
State equalization	60,302,000	58,477,602	59,600,690	1,123,088
Special education	3,000,000	3,025,698	3,084,341	58,643
Transportation	700,000	730,156	769,823	39,667
Miscellaneous Grants	1,154,494	1,300,917	1,372,493	71,576
Total state sources	65,156,494	63,534,373	64,827,347	1,292,975
Federal sources				
Impact aid	30,800,000	32,500,000	32,454,910	(45,090)
DoD supplemental assistance	1,100,000	2,097,306	2,097,305	(1)
Carl Perkins Grant	61,073	54,247	45,286	(8,961)
JROTC Grant	125,000	125,000	141,883	16,883
Preschool Program	57,324	57,324	53,502	(3,822)
Total federal sources	32,143,397	34,833,877	34,792,886	(40,991)
TOTAL REVENUES	\$ 102,248,968	\$ 103,473,502	\$ 105,042,586	\$ 1,569,084

(Continued)

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget			Variance with Final Budget Positive (Negative)
EXPENDITURES	Original	Final	Actual	
Instruction				
Salaries	\$ 32,352,471	\$ 32,638,850	\$ 32,182,529	\$ 456,321
Employee benefits	10,075,185	10,139,319	10,250,413	(111,094)
Purchased Services	1,781,871	1,707,230	1,430,982	276,248
Supplies and materials	1,532,889	1,893,484	1,701,959	191,525
Capital Outlay	246,934	282,791	219,857	62,934
Other	147,366	149,178	65,152	84,026
Total	46,136,716	46,810,852	45,850,892	959,960
Counselors & SPED support				
Salaries	4,501,496	4,483,214	4,491,588	(8,374)
Employee benefits	1,354,499	1,325,606	1,341,948	(16,342)
Purchased Services	219,900	334,462	141,767	192,695
Supplies and materials	369,705	379,690	299,496	80,194
Capital Outlay	20,600	20,600	2,303	18,297
Other	5,500	5,500	4,808	692
Total	6,471,700	6,549,072	6,281,910	267,162
Curriculum, Media & Staff Development				
Salaries	1,815,815	1,694,913	1,432,814	262,099
Employee benefits	594,826	549,633	455,711	93,922
Purchased Services	304,684	350,184	220,312	129,872
Supplies and materials	96,995	124,995	106,802	18,193
Capital Outlay	1,500	1,500	2,759	(1,259)
Other	22,500	22,500	2,648	19,852
Total	2,836,320	2,743,725	2,221,046	522,679
Board of Education, Legal, PR & Superintendent				
Salaries	444,469	444,469	465,108	(20,639)
Employee benefits	192,557	197,557	207,024	(9,467)
Purchased Services	242,200	212,200	143,372	68,828
Supplies and materials	76,350	106,350	68,556	37,794
Capital Outlay	2,600	2,600	2,897	(297)
Other	79,000	79,000	66,474	12,526
Total	1,037,176	1,042,176	953,431	88,745
School Administration				
Salaries	4,843,840	4,948,844	4,914,850	33,994
Employee benefits	1,475,107	1,447,134	1,527,454	(80,320)
Purchased Services	39,825	39,825	8,618	31,207
Supplies and materials	75,670	130,670	130,725	(55)
Capital Outlay	4,946	4,946	369	4,577
Other	2,223	2,223	733	1,490
Total	6,441,611	6,573,642	6,582,749	(9,107)

(Continued)

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget			Variance with Final Budget Positive (Negative)
EXPENDITURES	Original	Final	Actual	
Business Support & Internal Operations				
Salaries	\$ 840,977	\$ 840,977	\$ 829,532	\$ 11,445
Employee benefits	292,165	287,015	294,280	(7,265)
Purchased Services	147,800	147,800	70,546	77,254
Supplies and materials	75,000	75,000	64,582	10,418
Capital Outlay	36,000	36,000	7,339	28,661
Other	(48,317)	(48,317)	(29,354)	(18,963)
Total	1,343,625	1,338,475	1,236,925	101,550
Operations Maintenance				
Salaries	3,198,323	3,153,997	3,196,982	(42,985)
Employee benefits	1,060,200	1,044,450	1,050,303	(5,853)
Purchased Services	1,966,675	1,999,675	2,190,795	(191,120)
Supplies and materials	2,255,700	2,062,000	2,154,148	(92,148)
Capital Outlay	56,500	56,500	29,694	26,806
Other	(681)	(681)	(663)	(18)
Total	8,536,717	8,315,941	8,621,259	(305,318)
Transportation				
Salaries	2,548,053	2,642,553	2,858,981	(216,428)
Employee benefits	941,695	917,846	969,346	(51,500)
Purchased Services	203,600	203,600	175,913	27,687
Supplies and materials	575,500	575,500	320,427	255,073
Capital Outlay	15,000	15,000	16,178	(1,178)
Other	(35,105)	(35,105)	(3,305)	(31,800)
Total	4,248,743	4,319,394	4,337,540	(18,146)
Personnel & Information Systems				
Salaries	1,752,955	1,752,955	1,882,188	(129,233)
Employee benefits	508,161	521,597	565,993	(44,396)
Purchased Services	1,907,218	1,917,218	1,727,223	189,995
Supplies and materials	102,300	102,300	100,380	1,920
Capital Outlay	22,000	22,000	16,925	5,075
Other	5,620	5,620	21,571	(15,951)
Total	4,298,254	4,321,690	4,314,280	7,410
Community Services				
Salaries	90,286	180,286	200,882	(20,596)
Employee benefits	27,089	27,089	51,577	(24,488)
Purchased Services	955,948	955,948	816,297	139,651
Supplies and materials	10,144	10,144	58	10,086
Other	50,000	50,000	31,093	18,907
Total	1,133,467	1,223,467	1,099,907	123,560

(Continued)

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Reserves				
TABOR	\$ 2,100,000	\$ 2,005,000	\$ -	\$ 2,005,000
Mill Levy Override	814,354	87,116	-	87,116
Multi-year Obligations	379,300	368,811	-	368,811
Contingency	4,317,516	3,220,493	-	3,220,493
Total	<u>7,611,170</u>	<u>5,681,420</u>	<u>-</u>	<u>5,681,420</u>
 TOTAL EXPENDITURES	 <u>90,095,499</u>	 <u>88,919,854</u>	 <u>81,499,939</u>	 <u>7,419,915</u>
 Excess (deficiency) of revenues over expenditures	 <u>12,153,469</u>	 <u>14,553,648</u>	 <u>23,542,647</u>	 <u>8,988,999</u>
 OTHER FINANCING SOURCES (USES)				
Transfer to Capital Projects Fund	(3,129,589)	(2,172,441)	(2,172,441)	-
Transfer to Building Fund	(17,100,000)	(20,600,000)	(20,600,000)	-
Transfer to Pupil Activity Fund	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
 Total other financing sources (uses)	 <u>(20,329,589)</u>	 <u>(22,872,441)</u>	 <u>(22,872,441)</u>	 <u>-</u>
 Net change in fund balance	 (8,176,120)	 (8,318,793)	 670,206	 8,988,999
 Fund balance, beginning	 <u>8,176,120</u>	 <u>8,318,793</u>	 <u>8,318,793</u>	 <u>-</u>
 Fund balance, end of year	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 8,988,999</u>	 <u>\$ 8,988,999</u>

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
DESIGNATED PURPOSE GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ -	\$ -	\$ 69	\$ 69
Federal sources	7,424,802	12,249,570	9,121,739	(3,127,831)
 TOTAL REVENUES	 7,424,802	 12,249,570	 9,121,808	 (3,127,762)
EXPENDITURES				
Salaries	2,732,696	6,388,743	4,268,125	2,120,618
Employee benefits	804,390	1,759,116	1,209,641	549,475
Purchased Services	350,841	372,371	260,865	111,506
Supplies	1,447,515	2,100,965	1,836,025	264,940
Equipment	2,060,113	1,574,188	1,544,426	29,762
Other	29,247	54,187	2,726	51,461
 TOTAL EXPENDITURES	 7,424,802	 12,249,570	 9,121,808	 3,127,762
 Net change in fund balance	 -	 -	 -	 -
 Fund balance, beginning of year	 -	 -	 -	 -
 Fund balance, end of year	 \$ -	 \$ -	 \$ -	 \$ -

See accompanying independent auditors' report.

Other Supplementary Information

EL PASO COUNTY SCHOOL DISTRICT NO. 8
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Food Service Fund	Pupil Activity Fund	Capital Projects Fund	Totals
ASSETS				
Cash and investments	\$ 961,329	\$ 226,678	\$ 1,467,423	\$ 2,655,430
Intergovernmental receivables	572,352	-	-	572,352
Accounts receivable	6,805	1,709	-	8,514
Prepaid expenditures	-	28,408	-	28,408
Inventories	34,119	-	-	34,119
TOTAL ASSETS	<u><u>\$ 1,574,605</u></u>	<u><u>\$ 256,795</u></u>	<u><u>\$ 1,467,423</u></u>	<u><u>\$ 3,298,823</u></u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	<u>\$ 133,030</u>	<u>\$ 4,873</u>	<u>\$ 9,198</u>	<u>\$ 147,101</u>
TOTAL LIABILITIES	<u>133,030</u>	<u>4,873</u>	<u>9,198</u>	<u>147,101</u>
FUND BALANCE				
Nonspendable				
Inventories	34,119	-	-	34,119
Prepaid expenditures	-	28,408	-	28,408
Restricted				
BEST Grant capital renewal reserve	-	-	142,000	142,000
Assigned				
Food service	1,407,456	-	-	1,407,456
Pupil Activities	-	223,514	-	223,514
Capital projects	<u>-</u>	<u>-</u>	<u>1,316,225</u>	<u>1,316,225</u>
TOTAL FUND BALANCE	<u>1,441,575</u>	<u>251,922</u>	<u>1,458,225</u>	<u>3,151,722</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 1,574,605</u></u>	<u><u>\$ 256,795</u></u>	<u><u>\$ 1,467,423</u></u>	<u><u>\$ 3,298,823</u></u>

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Food Service Fund	Pupil Activity Fund	Capital Projects Fund	Totals
REVENUES				
Local sources	\$ 223,377	\$ 224,303	\$ 1,013	\$ 448,693
State sources	29,667	-	-	29,667
Federal sources	3,207,331	-	-	3,207,331
TOTAL REVENUES	3,460,375	224,303	1,013	3,685,691
EXPENDITURES				
Current				
Instruction	-	313,845	1,164,015	1,477,860
Central Support Services	-	-	2,114,755	2,114,755
Community and food services	3,062,721	-	-	3,062,721
Capital outlay	-	-	531,750	531,750
Debt Service				
Principal retirement	-	-	69,348	69,348
Interest and fees	-	-	12,374	12,374
TOTAL EXPENDITURES	3,062,721	313,845	3,892,242	7,268,808
Excess (deficiency) of revenues over expenditures	397,654	(89,542)	(3,891,229)	(3,583,117)
OTHER FINANCING SOURCES				
Transfers in	-	100,000	2,172,441	2,272,441
TOTAL OTHER FINANCING SOURCES	-	100,000	2,172,441	2,272,441
Net change in fund balance	397,654	10,458	(1,718,788)	(1,310,676)
Fund balance, beginning of year, as restated	1,043,921	241,464	3,177,013	4,462,398
Fund balance, end of year	<u>\$ 1,441,575</u>	<u>\$ 251,922</u>	<u>\$ 1,458,225</u>	<u>\$ 3,151,722</u>

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 1,078,500	\$ 1,027,500	\$ 223,377	\$ (804,123)
State sources	98,045	92,032	29,667	(62,365)
Federal sources	2,417,703	2,417,703	3,207,331	789,628
 TOTAL REVENUES	 3,594,248	 3,537,235	 3,460,375	 (76,860)
EXPENDITURES				
Salaries	53,500	53,500	53,935	(435)
Employee benefits	23,225	23,225	23,678	(453)
Purchased Services	1,597,703	1,597,703	1,432,067	165,636
Supplies	1,924,404	1,882,807	1,494,843	387,964
Equipment	30,000	30,000	8,198	21,802
Other	75,000	50,000	50,000	-
Contingency	660,337	943,921	-	943,921
 TOTAL EXPENDITURES	 4,364,169	 4,581,156	 3,062,721	 1,518,435
 Excess (deficiency) of revenues over expenditures	 (769,921)	 (1,043,921)	 397,654	 1,441,575
 Fund balance, beginning of year	 769,921	 1,043,921	 1,043,921	 -
 Fund balance, end of year	 \$ -	 \$ -	 \$ 1,441,575	 \$ 1,441,575

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
PUPIL ACTIVITY AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Local sources	\$ 760,050	\$ 760,025	\$ 224,303	\$ (535,722)
EXPENDITURES				
Supplies	960,050	960,025	313,845	646,180
Contingency	127,341	141,464	-	141,464
TOTAL EXPENDITURES	1,087,391	1,101,489	313,845	787,645
Excess (deficiency) of revenues over expenditures	(327,341)	(341,464)	(89,542)	251,922
OTHER FINANCING SOURCES				
Transfer from the General Fund	100,000	100,000	100,000	-
TOTAL OTHER FINANCING SOURCES	100,000	100,000	100,000	-
Net change in fund balance	(227,341)	(241,464)	10,458	251,922
Fund balance, beginning of year	227,341	241,464	241,464	-
Fund balance, end of year	\$ -	\$ -	\$ 251,922	\$ 251,922

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 186,000	\$ 198,100	\$ 76,074	\$ (122,026)
TOTAL REVENUES	186,000	198,100	76,074	(122,026)
EXPENDITURES				
Current				
Salaries and benefits	93,000	93,000	86,170	6,830
Capital outlay				
Facilities acquisition and construction	17,391,066	26,300,000	23,790,072	2,509,928
Debt service				
Principal	715,000	715,000	715,000	-
Interest and fees	403,624	403,624	403,624	-
Contingency	6,008,984	7,421,040	-	7,421,040
TOTAL EXPENDITURES	24,611,674	34,932,664	24,994,866	9,937,798
Excess (deficiency) of revenues over expenditures	(24,425,674)	(34,734,564)	(24,918,792)	9,815,772
OTHER FINANCING SOURCES				
Transfer from the General Fund	17,100,000	20,600,000	20,600,000	-
TOTAL OTHER FINANCING SOURCES	17,100,000	20,600,000	20,600,000	-
Net change in fund balance	(7,325,674)	(14,134,564)	(4,318,792)	9,815,772
Fund balance, beginning of year	7,325,674	14,134,564	14,134,564	-
Fund balance, end of year	\$ -	\$ -	\$ 9,815,772	\$ 9,815,772

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 60,000	\$ 2,500	\$ 1,013	\$ (1,487)
TOTAL REVENUES	60,000	2,500	1,013	(1,487)
EXPENDITURES				
Purchased Services	1,628,691	1,985,991	1,625,258	360,733
Supplies	27,000	39,500	26,800	12,700
Capital Outlay	1,772,976	2,668,910	2,158,462	510,448
Debt Service				
Principal	-	69,347	69,348	(1)
Interest and fees	-	12,374	12,374	-
Contingency	2,838,139	575,832	-	575,832
TOTAL EXPENDITURES	6,266,806	5,351,954	3,892,242	1,459,712
Excess (deficiency) of revenues over expenditures	(6,206,806)	(5,349,454)	(3,891,229)	1,458,225
OTHER FINANCING SOURCES				
Transfer from the General Fund	3,129,589	2,172,441	2,172,441	-
TOTAL OTHER FINANCING SOURCES	3,129,589	2,172,441	2,172,441	-
Net change in fund balance	(3,077,217)	(3,177,013)	(1,718,788)	1,458,225
Fund balance, beginning of year	3,077,217	3,177,013	3,177,013	-
Fund balance, end of year	\$ -	\$ -	\$ 1,458,225	\$ 1,458,225

See accompanying independent auditors' report.

Compliance Section

Single Audit

EL PASO COUNTY SCHOOL DISTRICT NO. 8
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor/Program Title		Pass-Through Entity Identifying Number	Federal CFDA Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. Department of Education					
Direct Programs					
Impact Aid			84.041	\$ -	\$ 32,454,910
Title VI	Indian Education		84.060	-	16,916
Total Direct Programs				-	32,471,826
Passed through Colorado Department of Education					
Title I	Title I	4010, 8010	84.010	-	1,322,892
	Special Education Cluster				
IDEA	Special Education	4027	84.027	-	1,399,675
IDEA	Special Education Preschool	4173	84.173	-	53,502
Total Special Education Cluster				-	1,453,177
Title II-A	Supporting Effective Instruction	4367	84.367	-	269,380
Title III	English Language Acquisition (ELL)	4365	84.365	-	39,459
Title IV-A	Student Support and Academic Enrichment	4424	84.424	-	102,034
	Elementary & Secondary School Emergency Relief	4420, 4425, 5425	84.425D	-	2,403,674
Title X	Education for Homeless Children and Youth	5196	84.196	-	63,444
Total Passed through Colorado Department of Education				-	5,654,060
Passed through Colorado Community College System					
	Career and Technical Education (CTE)	4048	84.048	-	45,286
Total U.S. Department of Education				-	38,171,172
U.S. Department of Agriculture					
Child Nutrition Cluster					
Passed through Colorado Department of Human Services					
	Food Donation (commodities)	4555	10.555	-	226,168
Passed through Colorado Department of Education					
	National School Lunch Program	4555	10.555	-	-
	Special Milk Program for Children	4556	10.556	-	7,882
	Summer Food Service Program for Children	4559	10.559	-	2,973,281
Total Child Nutrition Cluster				-	3,207,331
Total U.S. Department of Agriculture				-	3,207,331
U.S. Department of Treasury					
Passed through Colorado Department of Education					
	Coronavirus Relief Fund - K-12	4012, 5012	21.019	-	3,244,063
U.S. Department of Defense					
Direct Programs					
	Junior ROTC		12.000	-	141,883
	DOD Impact Aid		12.558	-	2,097,305
	Promoting K-12 Student Achievement at Military Connected Schools		12.556	-	260,201
Total U.S. Department of Defense				-	2,499,389
Total Federal Awards				\$ -	\$ 47,121,955

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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. 8 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. 8, it is not intended to and does not present the financial position, changes in net position, or cash flows of El Paso County School District No. 8.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. For the year ended June 30, 2021, there are no negative amounts on the schedule.

Pass-through entity identifying numbers are presented where available. For the year ended June 30, 2021, no amounts were passed through to sub-recipients.

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

NOTE 3 INDIRECT COST RATE

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

NOTE 4 NON-CASH ASSISTANCE

During the year end June 30, 2021, El Paso County School District No. 8 received \$226,168 in non-cash assistance in the form of food commodities. Valuation of commodities is based on fair market value at the time of receipt.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Paso County School District No. 8, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise El Paso County School District No. 8's basic financial statements, and have issued our report thereon dated November 11, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered El Paso County School District No. 8's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of El Paso County School District No. 8's internal control. Accordingly, we do not express an opinion on the effectiveness of El Paso County School District No. 8's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether El Paso County School District No. 8's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hoelting & Company Inc.

Colorado Springs, Colorado
November 11, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited El Paso County School District No. 8's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of El Paso County School District No. 8's major federal programs for the year ended June 30, 2021. El Paso County School District No. 8's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of El Paso County School District No. 8's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about El Paso County School District No. 8's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of El Paso County School District No. 8's compliance.

Opinion on Each Major Federal Program

In our opinion, El Paso County School District No. 8, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of El Paso County School District No. 8 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered El Paso County School District No. 8's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of El Paso County School District No. 8's internal control over compliance.

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

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

Purpose of this Report

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

Hoelting & Company Inc.

Colorado Springs, Colorado
November 11, 2021

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
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 ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs?

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
CFDA 21.019	Coronavirus Relief Fund – K-12
CFDA 84.041	Impact Aid
CFDA 84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs? \$1,413,659

Auditee qualified as low-risk auditee? ☒ yes ☐ no

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section II—Financial Statement Findings

None reported.

Section III—Federal Award Findings

None reported.

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



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Paso County School District No. 8, as of and for the year ended June 30, 2021, which collectively comprise El Paso County School District No. 8's basic financial statements, and our report thereon dated November 11, 2021, which expressed an unmodified opinion on those financial statement, appears as listed in the table of contents.

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

Hoelting & Company, Inc.

Colorado Springs, Colorado
November 11, 2021



Colorado Department of Education
Auditors Integrity Report
District: 1000 - Fountain 8
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	8,161,498	80,995,133	80,318,055	8,838,577
18 Risk Mgmt Sub-Fund of General Fund	157,295	1,175,012	1,181,885	150,422
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	8,318,793	82,170,145	81,499,939	8,988,999
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	1,043,922	3,460,375	3,062,722	1,441,575
22 Govt Designated-Purpose Grants Fund	0	9,121,808	9,121,808	0
23 Pupil Activity Special Revenue Fund	241,464	324,304	313,845	251,922
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	14,134,564	20,676,074	24,994,866	9,815,772
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	3,177,013	2,173,454	3,892,242	1,458,225
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	26,915,756	117,926,158	122,885,421	21,956,494
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL