

El Paso County School District No. 8

Financial Statements

June 30, 2023

EL PASO COUNTY SCHOOL DISTRICT NO. 8

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 8, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the El Paso County School District No. 8's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 8, as of June 30, 2023 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the El Paso County School District No. 8 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the El Paso County School District No. 8's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not

a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the El Paso County School District No. 8's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the El Paso County School District No. 8's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso County School District No. 8's basic financial statements. The accompanying other supplementary information and the schedule of expenditures of federal awards, as required by Title 2 U.S.

Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the El Paso County School District No. 8's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering El Paso County School District No. 8's internal control over financial reporting and compliance.

Hoelting & Company, Inc.

Colorado Springs, Colorado
November 30, 2023

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, 2023. 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 \$102,813,433 (net position). This includes the net pension liability of \$155,628,789 and net OPEB liability of \$5,299,883 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 \$7,313,493 during the fiscal year.
- At the close of the current fiscal year, the District's *governmental funds* reported combined ending fund balances of \$31,558,262, which represents an increase of \$19,321,847 from the prior year.
- The *governmental funds* reported an unassigned fund balance of \$1,634,590 in the General Fund, and assigned fund balances of \$69,712 in the Insurance Reserve sub-fund of the General Fund, of \$14,186,540 in the Building Fund, \$820,821 in the Capital Projects Fund, \$2,350,455 in the Food Service Fund, and \$567,967 in the Pupil Activity Fund.
- At June 30, 2023, \$2,600,000 of the General Fund fund balance was restricted for the emergency contingency required by Article X, Section 20 of the Colorado Constitution (TABOR).
- During 2023, the District received \$35,830,777 in federal Impact Aid funding which is recorded in the General Fund and an additional \$727,064 recorded in the Building Fund for a total of \$36,557,841.

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, and Building Fund which are considered to be major funds and combined for the Food Service Fund, Designated Purpose Grants 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. Effective July 1, 2021, the District's lease obligations and corresponding assets have been included in the statement of net position per GASB 87.

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 \$102,813,433 at the close of the most recent fiscal year.
- \$211,854,286 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 \$11,657,800 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 \$155,628,789. 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, and pension deferred inflows and outflows, at the end of the current fiscal year the District’s unrestricted net deficit balance is negative \$120,698,653.
- During 2023, District-wide net position increased by \$7,313,493.
- 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, 2023 is 3.04 (1.60 at June 30, 2022) meaning the District has liquid assets equal to 3.04 times its other liabilities.

PRIMARY GOVERNMENT CONDENSED STATEMENT OF NET POSITION

	Governmental Activities	
	2023	2022
ASSETS		
Current assets	\$ 44,052,785	\$ 29,630,012
Capital assets	249,672,106	231,262,365
Total assets	293,724,891	260,892,377
DEFERRED OUTFLOWS	37,529,907	30,870,467
LIABILITIES		
Other liabilities	14,509,987	18,529,359
Long-term debt	199,232,896	124,346,837
Total liabilities	213,742,883	142,876,196
DEFERRED INFLOWS	14,698,482	53,386,708
NET POSITION		
Net investment in capital assets	211,854,286	219,928,767
Restricted	11,657,800	3,609,123
Unrestricted	(120,698,653)	(128,037,950)
Total net position	\$ 102,813,433	\$ 95,499,940

Governmental Activities. Governmental activities increased the District’s net position by \$7,313,493, thereby accounting for 100% of the total change in the net position of the District.

- The cost of all governmental activities was \$133,559,298.
- Users of the District’s governmental programs financed \$1,386,850.
- Federal and state governments subsidized certain programs with operating grants totaling \$24,975,821, including \$4,931,585 of federal corona virus related funds, and capital contributions of \$989,571.
- General revenues for governmental activities of \$114,510,120 include \$5,359,036 of property taxes, \$70,403,550 of state equalization and mill levy match funding, and \$35,830,777 of federal impact aid funding.

PRIMARY GOVERNMENT CONDENSED STATEMENT OF CHANGES IN NET POSITION

	Governmental Activities	
	2023	2022
REVENUES		
Program Revenues:		
Charges for services	\$ 1,386,850	\$ 461,241
Operating grants and contributions	23,986,250	19,198,995
Capital grants and contributions	989,571	83,183
General Revenues:		
Property and specific ownership taxes	5,922,407	5,801,412
State equalization	70,403,550	66,329,516
Impact aid	35,830,777	31,550,198
Other revenue	1,540,706	1,331,354
Earnings on investments	812,680	16,630
Total Revenues	140,872,791	124,772,529
EXPENSES		
Instruction	71,266,510	34,016,294
Instructional supporting services	14,737,639	7,362,258
Administration	10,678,625	4,199,708
Support services	29,946,496	20,097,466
Community services	5,716,058	5,585,819
Interest and fiscal charges	1,213,970	416,324
Total Expenses	133,559,298	71,677,869
Increase (decrease) in net position	7,313,493	53,094,660
Beginning net position	95,499,940	42,405,280
Ending net position	\$ 102,813,433	\$ 95,499,940

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 \$31,558,262. Approximately 5.2% 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 \$1,634,590, while total fund balance reached \$5,118,294. 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 1.6% of total General Fund expenditures, while total fund balance represents 5.0% of that same amount.

The fund balance of the District's General Fund decreased by \$2,582,357 during the current fiscal year compared to a decrease of \$1,288,348 in the prior year.

General Fund revenue totaled \$124,106,347 during the current fiscal year compared to \$111,299,720 in the prior year. This reflects an increase in state equalization and PERA nonemployer contributions and impact aid funding.

Fund balance for the Building Fund, a major governmental fund, increased by \$21,915,859 compared to a decrease of \$9,324,992 in the prior year due to a \$27,635,000 issuance of Certificates of Participation to assist with financing of the Trojan Arena complex construction project.

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 an increase of \$1,342,621 or 1.3% of the total original budget. The final General Fund budget for revenues increased by \$126,787 or 0.10% of the original budget and was primarily from an increase in state funding.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets as of June 30, 2023 amounts to \$211,854,286 (net of accumulated depreciation/amortization and related debt). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery, equipment, vehicles and leased assets. The net increase in the District's capital assets for the current fiscal year was \$18,409,741, which represents an increase of 7.4% over the June 30, 2022 balance.

During the year, the District continued construction of the new Trojan Arena Complex at the comprehensive high school and began design work for a new school facility to replace the existing Abrams Elementary School on Fort Carson.

Debt Administration. The balance outstanding on the District's Certificates of Participation, issued to shorten the new Fountain Middle School construction timeline, was \$9,365,000 and the balance of the COP's issues to complete the Trojan Arena was \$27,635,000 at June 30, 2023.

For more detailed information on capital assets and debt administration, see Notes 6, 7 and 8 to the basic financial statements.

Economic Factors and Next Year's Budgets

Enrollment in the school District decreased during 2022-23 primarily due to the lack of troop movement at Fort Carson and a shortage of available family housing (low occupancy rate) on Fort Carson.

Residential growth in the City of Fountain, is minimal due to infrastructure limitations resulting in a slowing of projected growth in the next few years. The next major residential development in the northeast corner of the school district is not scheduled to begin occupancy in the next five years. The next residential construction project on Fort Carson will be to rebuild homes in the Cherokee West village. Initial demolition of vacant units on Fort Carson began in April 2022.

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 2023-24 school year is expected to decrease again based on the same factors noted above. It is anticipated that the District will have fluctuations in student growth through the coming years and anticipates flat or slightly decreased enrollment over the next five years.

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, 2023

	Primary Government Governmental Activities
ASSETS	
Cash and investments	\$ 42,172,619
Accounts receivable	135,788
Taxes receivable	190,572
Intergovernmental receivables	1,283,429
Inventories and prepaid expenses	270,377
Capital assets, not being depreciated	51,137,525
Capital assets, depreciated, net	198,534,581
Total assets	293,724,891
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, net of accumulated amortization	36,112,215
OPEB, net of accumulated amortization	1,417,692
Total assets and deferred outflows of resources	331,254,798
LIABILITIES	
Accounts payable and other current liabilities	5,031,663
Accrued salaries and benefits	6,217,653
Unearned revenues	887,192
Accrued interest payable	129,992
Non-current liabilities due within one year	2,243,487
Non-current liabilities due in more than one year:	
Compensated absences	2,429,890
Leases	499,334
Certificates of Participation (COP)	35,375,000
Net pension liability	155,628,789
Net OPEB liability	5,299,883
Total liabilities	213,742,883
DEFERRED INFLOWS OF RESOURCES	
Pensions, net of accumulated amortization	12,831,849
OPEB, net of accumulated amortization	1,866,633
Total liabilities and deferred inflows of resources	228,441,365
NET POSITION	
Net investment in capital assets	211,854,286
Restricted for	
Mill levy override	
Instructional materials and salaries	226,113
Constitutional amendment (TABOR)	2,600,000
BEST Grant capital renewal reserve	170,000
New School Construction	8,220,099
Multi-year obligations	441,588
Unrestricted	(120,698,653)
Total net position	\$ 102,813,433

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, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Governmental Activities</u>
Governmental activities:					
Instruction	\$ 71,266,510	\$ 32,762	\$ 14,316,662	\$ -	\$ (56,917,086)
Instructional support	14,737,639	-	4,284,217	-	(10,453,422)
Administration	10,678,625	-	478,619	-	(10,200,006)
Central support services	29,946,496	1,302,092	4,841,904	989,571	(22,812,929)
Community services	5,716,058	51,996	64,848	-	(5,599,214)
Interest and fiscal charges	1,213,970	-	-	-	(1,213,970)
Total primary government	\$ 133,559,298	\$ 1,386,850	\$ 23,986,250	\$ 989,571	(107,196,627)
General revenues:					
Property taxes					5,359,036
Specific ownership taxes					563,371
State equalization					70,403,550
Federal impact aid					35,830,777
Investment earnings					812,680
Miscellaneous revenues					1,540,706
Total general revenues					<u>114,510,120</u>
Change in net position					7,313,493
Net position, beginning of year					<u>95,499,940</u>
Net position, end of year					<u>\$ 102,813,433</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, 2023

	<u>General Fund</u>	<u>Building Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 9,588,982	\$ 28,394,166	\$ 4,189,471	\$ 42,172,619
Accounts receivable	41,911	40,342	53,535	135,788
Taxes receivable	190,572	-	-	190,572
Internal balances	2,559,965	-	2,054	2,562,019
Intergovernmental receivables	75,400	-	1,208,029	1,283,429
Prepaid expenditures	-	-	64,271	64,271
Inventories	146,291	-	59,815	206,106
	<u>12,603,121</u>	<u>28,434,508</u>	<u>5,577,175</u>	<u>46,614,804</u>
Total assets	<u>\$ 12,603,121</u>	<u>\$ 28,434,508</u>	<u>\$ 5,577,175</u>	<u>\$ 46,614,804</u>
LIABILITIES				
Accounts payable	\$ 732,917	\$ 4,027,869	\$ 270,877	\$ 5,031,663
Accrued salaries and benefits	5,700,410	-	517,243	6,217,653
Accrued liabilities	300,000	-	-	300,000
Internal balances	-	2,000,000	562,019	2,562,019
Unearned revenues	693,485	-	193,707	887,192
	<u>7,426,812</u>	<u>6,027,869</u>	<u>1,543,846</u>	<u>14,998,527</u>
Total liabilities	<u>7,426,812</u>	<u>6,027,869</u>	<u>1,543,846</u>	<u>14,998,527</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	58,015	-	-	58,015
	<u>58,015</u>	<u>-</u>	<u>-</u>	<u>58,015</u>
FUND BALANCES				
Nonspendable				
Inventories	146,291	-	59,815	206,106
Prepaid expenditures	-	-	64,271	64,271
Restricted				
Mill levy override				
Instructional materials and salaries	226,113	-	-	226,113
Constitutional amendment (TABOR)	2,600,000	-	-	2,600,000
Multi-year obligations	441,588	-	-	441,588
New School Construction	-	8,220,099	-	8,220,099
BEST Grant capital renewal reserve	-	-	170,000	170,000
Assigned				
Insurance activities	69,712	-	-	69,712
Food service	-	-	2,350,455	2,350,455
Pupil activities	-	-	567,967	567,967
Capital projects	-	14,186,540	820,821	15,007,361
Unassigned	1,634,590	-	-	1,634,590
	<u>5,118,294</u>	<u>22,406,639</u>	<u>4,033,329</u>	<u>31,558,262</u>
Total fund balances	<u>5,118,294</u>	<u>22,406,639</u>	<u>4,033,329</u>	<u>31,558,262</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,603,121</u>	<u>\$ 28,434,508</u>	<u>\$ 5,577,175</u>	<u>\$ 46,614,804</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, 2023

Total fund balances--governmental funds \$ 31,558,262

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	\$ 4,112,102	
	Construction in Progress	47,025,423	
	Depreciable and Leased Assets	270,224,028	
	Less: Accumulated Depreciation and Amortization	<u>(71,689,447)</u>	
			249,672,106

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. 58,015

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	\$ (37,000,000)	
	Accrued interest payable	(129,992)	
	Equipment and vehicle leases payable	(817,821)	
	Compensated absences	(2,429,890)	
	Net pension liability	(155,628,789)	
	Pension-related deferred outflows of resources	36,112,215	
	Pension-related deferred inflows of resources	(12,831,849)	
	Net OPEB liability	(5,299,883)	
	OPEB-related deferred outflows of resources	1,417,692	
	OPEB-related deferred inflows of resources	<u>(1,866,633)</u>	
			<u>(178,474,950)</u>

Total net position--governmental activities \$ 102,813,433

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, 2023

	General Fund	Building Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 6,935,670	\$ 589,517	\$ 2,288,367	\$ 9,813,554
State sources	81,050,308	-	353,768	81,404,076
Federal sources	36,120,369	727,064	11,351,719	48,199,152
	<u>124,106,347</u>	<u>1,316,581</u>	<u>13,993,854</u>	<u>139,416,782</u>
EXPENDITURES				
Current				
Instruction	57,526,111	-	6,516,608	64,042,719
Instructional support	10,484,470	-	2,955,731	13,440,201
Administration	9,553,137	-	83,446	9,636,583
Central Support Services	22,957,561	183,420	3,908,081	27,049,062
Community and food services	1,388,077	-	4,313,666	5,701,743
Capital Outlay	-	25,553,774	-	25,553,774
Debt service				
Principal retirement	65,257	770,000	315,520	1,150,777
Interest and fees	3,263	998,130	23,285	1,024,678
Debt issuance costs	-	130,398	-	130,398
	<u>101,977,876</u>	<u>27,635,722</u>	<u>18,116,337</u>	<u>147,729,935</u>
Excess (Deficiency) of revenues over expenditures	<u>22,128,471</u>	<u>(26,319,141)</u>	<u>(4,122,483)</u>	<u>(8,313,153)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from financing	-	27,635,000	-	27,635,000
Transfers in	-	20,600,000	4,110,828	24,710,828
Transfers (out)	(24,710,828)	-	-	(24,710,828)
	<u>(24,710,828)</u>	<u>48,235,000</u>	<u>4,110,828</u>	<u>27,635,000</u>
Net change in fund balances	(2,582,357)	21,915,859	(11,655)	19,321,847
Fund balances, beginning of year	<u>7,700,651</u>	<u>490,780</u>	<u>4,044,984</u>	<u>12,236,415</u>
Fund balances, end of year	<u>\$ 5,118,294</u>	<u>\$ 22,406,639</u>	<u>\$ 4,033,329</u>	<u>\$ 31,558,262</u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Net change in fund balances -- governmental funds \$ 19,321,847

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	\$ 24,713,166	
Retirements, net	-	
Depreciation expense	<u>(6,303,424)</u>	18,409,742

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. (7,992)

Debt proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.

COP issue, Series 2022 (27,635,000)

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 770,000

Equipment and vehicle lease principal payment 380,777

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	\$ (79,002)	
Change in compensated absences	(108,777)	
Change in net pension liability	(48,947,173)	
Change in pension-related deferred outflows of resources	5,913,912	
Change in pension-related deferred inflows of resources	38,731,599	
Change in net OPEB liability	(138,595)	
Change in OPEB-related deferred outflows of resources	745,528	
Change in OPEB-related deferred inflows of resources	<u>(43,373)</u>	<u>(3,925,881)</u>

Change in net position of governmental activities \$ 7,313,493

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, 2023

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 buildings and 4 support facilities staffed by 497 non-certificated employees and 647 certificated employees to provide services to approximately 8,201 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.

Based on the application of these criteria, the District does not include additional organizations within its reporting entity.

B - Government-Wide and Fund Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B - Government-Wide and Fund Financial Statement Presentation (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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The District does not have any proprietary funds, fiduciary funds or component units. Governmental activities are supported by taxes and intergovernmental revenues.

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

The District reports the following major 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 **Building Fund** is also a major fund. The Building Fund is used to account for all resources available for acquiring capital sites, buildings and related equipment.

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

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C - Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

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

D - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1 – Cash and Cash Equivalents

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (continued)

2 – Investments

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

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

3 - Receivables

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

4 – Prepaid Expenses

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

5 - Inventories

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

6 - Capital Assets

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

As the District constructs or acquires capital assets each period they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 2 D. Leases below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (continued)

6 - Capital Assets (continued)

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

Buildings & Improvements	50 years
Equipment & Vehicles	5 – 10 years

7 - Accrued Salaries and Benefits

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

8 – Unearned Revenues

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

9 - Deferred Outflows/Inflows of Resources

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

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

10 – Leases

The District is a lessee for non-cancellable leases of vehicles and equipment. The District recognizes a lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$50,000 or more.

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (continued)

10 – Leases (continued)

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

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

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

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

11 - Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. 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 fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12 - 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 (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (continued)

13 – *Other Post Employment Benefit (OPEB) Plan*

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 (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

14 - *Net Position/Fund Balance*

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

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

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

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

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

Fund balance classification

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (continued)

14 – Net Position/Fund Balance (continued)

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

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

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

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

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

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

E – Revenues and Expenditures

Property Taxes

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E – Revenues and Expenditures (continued)

Specific Ownership Taxes

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

Compensated Absences

Vacation—The District’s policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from employment. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. 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.

Annual and Sick Leave - 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.

F - Estimates

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

NOTE 4 DEPOSITS AND INVESTMENTS

At June 30, 2023, the District had the following cash and investments:

Cash on hand	\$ 1,950
Deposits	15,415,703
Investments	<u>26,754,966</u>
Total	<u><u>\$42,172,619</u></u>

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

Cash and Investments - Primary Government	<u><u>\$ 42,172,619</u></u>
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EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 DEPOSITS AND INVESTMENTS (continued)

Cash Deposits with Financial Institutions

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

The carrying amount of the District's deposits at June 30, 2023 was \$15,415,703 and the bank balances were \$15,968,870. Of the bank balances, \$250,000 were covered by federal deposit insurance, and the remaining balance was uninsured but collateralized in accordance with the provisions of the PDPA.

Investments

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

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

Local Government Investment Pool - As of June 30, 2023, the District had \$26,754,966 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 State Securities Commissioner 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 as promulgated under the Investment Company Act of 1940, as amended, which includes the maintenance of each share equal in value to \$1.00. Investments are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodians' internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

The Trust is rated AAAM by Standard and Poor's. The custodian's internal records identify the investments owned by the participating governments.

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 DEPOSITS AND INVESTMENTS (continued)

Cash Deposits with Financial Institutions (continued)

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

Concentration of Credit Risk - Concentration of credit risk is the risk of loss that may be caused by the District’s investment in a single issuer. The District places no limit on the amount it may invest in any one issuer. One hundred percent of the District’s investments are in ColoTrust.

NOTE 5 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Receivables and Payables

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

The composition of interfund balances as of June 30, 2023 is as follows:

	Due from <u>Other funds</u>	Due to <u>Other Funds</u>
General Fund	\$ 2,559,965	\$ -
Building Fund	-	2,000,000
Nonmajor Funds	2,054	562,019
Total	\$ 2,562,019	\$ 2,562,019

Interfund transfers

The composition of interfund transfers for the year ended June 30, 2023, is as follows:

	Transfers from <u>Other funds</u>	Transfers to <u>Other Funds</u>
General Fund	\$ -	\$ 24,710,828
Building Fund	20,600,000	-
Nonmajor Funds	4,110,828	-
Total	\$ 24,710,828	\$ 24,710,828

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 CAPITAL ASSETS

Activity for capital assets during the year ended June 30, 2023, was as follows.

Governmental activities :	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,560,545	\$ 551,557	\$ -	\$ 4,112,102
Construction in progress	24,950,994	23,390,860	1,316,431	47,025,423
Total capital assets, not being depreciated	28,511,539	23,942,417	1,316,431	51,137,525
Capital assets, being depreciated:				
Buildings	251,298,415	1,316,431	-	252,614,846
Equipment	7,064,414	202,621	-	7,267,035
Buses/Other vehicles	8,433,267	568,128	181,415	8,819,980
Total capital assets being depreciated	266,796,096	2,087,180	181,415	268,701,861
Less accumulated depreciation for:				
Buildings	54,148,981	5,003,056	-	59,152,037
Equipment	5,205,829	346,864	-	5,552,693
Buses/Other vehicles	5,915,280	485,055	181,415	6,218,920
Total accumulated depreciation	65,270,090	5,834,975	181,415	70,923,650
Total depreciable assets, net	201,526,006	(3,747,795)	-	197,778,211
Leased assets				
Equipment	1,120,083	-	-	1,120,083
Buses/Other vehicles	402,084	-	-	402,084
Total Leased capital assets	1,522,167	-	-	1,522,167
Less accumulated amortization for:				
Equipment	46,819	338,545	-	385,364
Buses/Other vehicles	250,529	129,904	-	380,433
Total accumulated amortization	297,348	468,449	-	765,797
Total leased assets, net	1,224,819	(468,449)	-	756,370
Total depreciable and leased assets, net	202,750,825	(4,216,244)	-	198,534,581
Governmental activities capital assets, net	\$231,262,364	\$ 19,726,173	\$ 1,316,431	\$249,672,106

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 **CAPITAL ASSETS (continued)**

Depreciation and amortization expenses were charged to functions/programs of the District as follows:

Governmental activities:	
Instruction	\$ 3,466,882
Instructional Support	630,343
Administration	441,240
Central Support Services	1,764,959
Total Depreciation Expense - Governmental Activities	<u>\$ 6,303,424</u>

NOTE 7 **LEASES**

The District, as a lessee, has entered into lease agreements involving equipment, and vehicles with lease terms ranging from 4 to 5 years. The total costs of these right-to-use lease assets are recorded as \$1,552,167, less accumulated amortization of \$765,797. The District has determined that as of June 30, 2023, there is no loss associated with an impairment of the right-to-use lease asset.

The future lease payments under lease agreements as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 318,487	\$ 20,318	\$ 338,805
2025	246,406	10,678	257,084
2026	252,928	4,157	257,085
2027	-	-	-
2028	-	-	-
Total	<u>\$ 817,821</u>	<u>\$ 35,153</u>	<u>\$ 852,974</u>

NOTE 8 **LONG-TERM LIABILITIES**

Changes in Long-Term Liabilities

Changes in the District's long-term debt liabilities for the year ended June 30, 2023 are as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Certificates of Participation					
2018	\$ 10,135,000	\$ -	\$ 770,000	\$ 9,365,000	\$ 795,000
2022	-	27,635,000	-	27,635,000	830,000
Leases	1,198,598	-	380,777	817,821	318,487
Compensated Absences	2,621,112	425,397	316,619	2,729,890	300,000
Net pension liability	106,681,616	65,891,751	16,944,578	155,628,789	-
Net OPEB liability	5,161,288	1,093,866	955,271	5,299,883	-
Total	<u>\$ 125,797,614</u>	<u>\$ 95,046,014</u>	<u>\$ 19,367,245</u>	<u>\$ 201,476,383</u>	<u>\$ 2,243,487</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 LONG-TERM LIABILITIES (continued)

Certificates of Participation

Certificates of participation (COPs) are lease-financing agreements used by the District to provide funds for the acquisition and construction of major capital facilities. Under such agreements, the District makes regular payments over an annually renewable contract for the acquisition and use of the property. COPs have been issued for governmental activities. COPs are not considered general obligations of the District. COPs are secured by lease revenues through a lease-financing agreement.

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.

Annual debt service requirements to maturity for S2018 COPs are as follows:

Year Ending June 30,	Principal	Interest	Total
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	885,000	230,821	1,115,821
2028	915,000	198,601	1,113,601
2029 - 2033	5,090,000	468,265	5,558,265
Total	<u>\$ 9,365,000</u>	<u>\$ 1,772,730</u>	<u>\$ 11,137,730</u>

In October 2022, \$27,635,000 in Series 2022 certificates of participation were issued to partially finance the construction of the Trojan Arena in Fountain. Principal payments are due annually on June 1 through 2042 and interest payments are paid semi-annually on December 1 and June 1. Interest accrues at 3.70% per annum.

Annual debt service requirements to maturity for S2022 COPs are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 830,000	\$ 1,007,140	\$ 1,837,140
2025	995,000	973,378	1,968,378
2026	1,035,000	935,823	1,970,823
2027	1,075,000	896,788	1,971,788
2028	1,110,000	856,365	1,966,365
2029 - 2033	6,210,000	3,621,375	9,831,375
2034 - 2038	7,445,000	2,631,433	10,076,433
2039 - 2043	8,935,000	850,538	9,785,538
Total	<u>\$ 27,635,000</u>	<u>\$ 11,772,840</u>	<u>\$ 39,407,840</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2022. 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% and then multiplied by years of service credit.
- The value of the retiring employee’s member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the 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, 2023: 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 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 Through June 30, 2023
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the El Paso County School District No. 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 \$13,843,269 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (continued)

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

The net pension liability for the SCHDTF was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. 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 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2023, the El Paso County School District No. 8 reported a liability of \$155,628,789 for its proportionate share of the net pension liability that reflected [a reduction][an increase] 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	\$ 155,628,789
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with El Paso County School District No. 8	45,351,793
Total	\$ 200,980,582

At December 31, 2022, the El Paso County School District No. 8 proportion was 0.8546587653%, which was a decrease of 0.0620574037% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the El Paso County School District No. 8 recognized pension expense of \$4,301,662 and revenue of \$5,333,094 for support from the State as a nonemployer contributing entity. At June 30, 2023, 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	\$ 1,472,859	\$ -
Changes of assumptions or other inputs	2,756,693	-
Net difference between projected and actual earnings on pension plan investments	20,906,680	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,313,808	12,831,849
Contributions subsequent to the measurement date	6,662,175	N/A
Total	\$ 36,112,215	\$ 12,831,849

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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)

\$6,662,175 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, 2024. 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:	
2024	\$ (1,322,459)
2025	(932,941)
2026	6,713,105
2027	12,160,486
Thereafter	-

Actuarial assumptions. The TPL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

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

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

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial assumptions (continued)

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

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

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

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

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

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Actuarial assumptions (continued)

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (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 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Discount rate (continued)

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

Sensitivity of the El Paso County School District No. 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%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 203,664,560	\$ 155,628,789	\$ 115,514,012

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

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

General Information about the OPEB Plan

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

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

General Information about the OPEB Plan (Continued)

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

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

PERA Benefit Structure

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

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% 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 \$692,846 for the year ended June 30, 2023.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

At June 30, 2022, the El Paso County School District No. 8 reported a liability of \$5,299,883 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. 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 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the El Paso County School District No. 8 proportion was 0.6491144847%, which was an increase of 0.0505689020% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the El Paso County School District No. 8 recognized OPEB expense of \$(563,560). At June 30, 2023, 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	\$ 688	\$ 1,281,690
Changes of assumptions or other inputs	85,183	584,943
Net difference between projected and actual earnings on OPEB plan investments	323,707	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	674,677	-
Contributions subsequent to the measurement date	333,437	N/A
Total	\$ 1,417,692	\$ 1,866,633

\$333,437 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2023:	
2024	\$ (380,561)
2025	(357,049)
2026	(92,745)
2027	95,024
2028	(38,050)
Thereafter	8,997

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40 – 11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	6.50% 2022, gradually decreasing 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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)

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase	Annual Increase
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,704	\$1,450	\$583	\$496	\$1,923	\$1,634
70	\$1,976	\$1,561	\$676	\$534	\$2,229	\$1,761
75	\$2,128	\$1,681	\$728	\$575	\$2,401	\$1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,514	\$5,542	\$4,227	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

The 2022 Medicare Part A premium is \$499 (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
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NOTE 10 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

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

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
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projection using scale MP-2019.
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)

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

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

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 13, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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)

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%.

Sensitivity of the El Paso County School District No. 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
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 5,149,873	\$ 5,299,883	\$ 5,463,110

¹For the January 1, 2023, plan year.

Discount rate. The discount rate used to measure the TOL 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, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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)

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

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

Sensitivity of the El Paso County School District No. 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%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 6,144,135	\$ 5,299,883	\$ 4,577,776

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 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 accounts for and finances its risk activities in the Insurance Reserve Fund, a sub-fund of the General Fund. The District provides for these risks through the purchase of commercial insurance for property, liability and worker's compensation risks of loss. Settled claims resulting from these risks have not exceeded the purchased commercial insurance coverage in any of the past three fiscal years.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Grants

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

Legal

The District is involved in pending or threatened lawsuits and claims. The District estimates that potential claims not covered by insurance or accrued for, resulting from such litigation, would not materially affect the financial statements of the District.

Construction Commitments

The District has one active construction project as of June 30, 2023, a new arena complex on the high school campus which is recorded in the Building Fund. The complex includes an access road, utility infrastructure improvements, turf sports field and a greenhouse. The project is scheduled to be completed by December 2023. 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>
FFCHS Arena Complex	\$ 40,011,982	\$ 11,200,000
Total Commitments	\$ 40,011,982	\$ 11,200,000

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, 2023, the reserve was reported as restricted fund balance in the Capital Projects Fund, in the amount of \$170,000.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13 TAX, SPENDING AND DEBT LIMITATIONS

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

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2023 there is a \$2,600,000 reservation of fund balance in the General Fund for the amendment.

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

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

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

NOTE 14 COLORADO SCHOOL DISTRICT/BOCES, ELECTRONIC DATA INTEGRITY CHECK FIGURES

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

NOTE 15 SUBSEQUENT EVENTS

The District entered into a 4-year lease for photocopiers with a total leased equipment value of approximately \$500K. Monthly lease payments of \$8,923 began at the end of August 2023. The lease payments end in July 2027.

In November 2023, the District issued a letter of intent and notice to proceed to Art C Klein Construction to begin construction work on a new school on Fort Carson. This is a multi-year build expected to be completed by January 1, 2026. The total project cost will be approximately \$49M; however, costs will not exceed \$9M in 2023-24.

The District’s new Trojan Arena facility is scheduled to open on November 30, 2023. This was a multi-year new build construction project to house a basketball arena, weight room and wrestling facilities and large district events such as high school graduation ceremonies.

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, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
PROPORTIONATE SHARE OF NET PENSION LIABILITY										
District's proportion of net pension liability (asset)	0.8546587653%	0.9167161690%	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)	\$ 155,628,789	\$ 106,681,616	\$ 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	45,351,793	12,229,685	-	16,714,227	21,448,109	-	-	-	-	-
	<u>\$ 200,980,582</u>	<u>\$ 118,911,301</u>	<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	\$ 65,927,056	\$ 57,291,871	\$ 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	236.06%	186.21%	282.65%	254.22%	322.09%	701%	663%	351%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	61.8%	74.9%	67.0%	64.5%	57.0%	44%	43%	59%	63%	64%
<i>* the amounts presented for each year were determined as of 12/31.</i>										
DISTRICT CONTRIBUTIONS										
Statutorily required contributions	\$ 13,843,269	\$ 12,067,857	\$ 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	(13,843,269)	(12,067,857)	(10,705,293)	(10,444,347)	(9,559,382)	(8,916,032)	(8,391,301)	(7,977,683)	(7,240,669)	(6,406,164)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District covered payroll	\$ 67,925,754	\$ 60,703,506	\$ 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	20.38%	19.88%	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, 2023

	2022	2021	2020	2019	2018	2017
PROPORTIONATE SHARE OF NET OPEB LIABILITY						
District's proportion of net OPEB liability (asset)	0.6491144847%	0.5985455827%	0.5803970899%	0.5763469308%	0.5758063774%	0.5716412205%
District's proportionate share of the net OPEB liability (asset)	\$ 5,299,883	\$ 5,161,288	\$ 5,515,078	\$ 6,478,128	\$ 7,834,088	\$ 7,429,049
District's covered payroll	\$ 65,927,056	\$ 57,291,871	\$ 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	8.04%	9.01%	10.28%	12.50%	16.09%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	38.6%	39.4%	32.8%	24.5%	17.0%	17.5%

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

	2023	2022	2021	2020	2019	2018
DISTRICT CONTRIBUTIONS						
Statutorily required contributions	\$ 692,846	\$ 619,181	\$ 549,276	\$ 549,711	\$ 509,704	\$ 481,715
Contributions in relation to the statutorily required contributions	(692,846)	(619,181)	(549,276)	(549,711)	(509,704)	(481,715)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

District covered - employee payroll	\$ 6,792,575	\$ 60,703,506	\$ 53,849,565	\$ 53,892,399	\$ 49,970,632	\$ 47,224,746
Contributions as a percentage of covered - employee payroll	10.20%	1.02%	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, 2023**

REVENUES	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Local sources				
Property taxes	\$ 5,180,000	\$ 5,380,000	\$ 5,367,028	\$ (12,972)
Specific ownership taxes	375,000	400,000	563,371	163,371
Tuition	25,000	25,000	42,327	17,327
Interest on investments	2,575	200,180	231,955	31,775
Miscellaneous	789,343	761,704	730,989	(30,715)
Total local sources	<u>6,371,918</u>	<u>6,766,884</u>	<u>6,935,670</u>	<u>168,786</u>
State sources				
State equalization	71,400,000	70,000,000	69,479,987	(520,013)
Special education	4,315,787	4,315,787	4,435,622	119,835
Transportation	850,000	947,187	985,257	38,070
Miscellaneous Grants	2,533,954	3,615,726	6,149,442	2,533,716
Total state sources	<u>79,099,741</u>	<u>78,878,700</u>	<u>81,050,308</u>	<u>2,171,608</u>
Federal sources				
Impact aid	36,650,000	36,650,000	33,682,400	(2,967,600)
DoD supplemental assistance	2,200,000	2,148,377	2,148,377	-
Carl Perkins Grant	73,962	73,962	66,040	(7,922)
JROTC Grant	135,000	135,000	142,757	7,757
Preschool Program	64,215	68,700	74,404	5,704
SNAP P-EBT Admin	-	-	6,391	6,391
Total federal sources	<u>39,123,177</u>	<u>39,076,039</u>	<u>36,120,369</u>	<u>(2,955,669)</u>
TOTAL REVENUES	<u>\$ 124,594,836</u>	<u>\$ 124,721,623</u>	<u>\$ 124,106,347</u>	<u>\$ (615,276)</u>

(Continued)

See accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

EXPENDITURES	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Instruction				
Salaries	\$ 38,100,407	\$ 37,545,750	\$ 38,255,424	\$ (709,674)
Employee benefits	12,723,973	12,659,424	14,465,784	(1,806,360)
Purchased Services	1,901,241	1,943,559	1,709,723	233,836
Supplies and materials	2,627,284	2,843,120	2,733,235	109,885
Capital Outlay	285,183	335,422	211,337	124,085
Other	138,615	138,615	150,608	(11,993)
Total	<u>55,776,703</u>	<u>55,465,890</u>	<u>57,526,111</u>	<u>(2,060,221)</u>
Counselors & SPED support				
Salaries	5,179,744	5,325,821	4,972,852	352,969
Employee benefits	1,712,676	1,760,840	1,924,390	(163,550)
Purchased Services	335,685	339,650	358,003	(18,353)
Supplies and materials	511,462	511,443	350,771	160,672
Capital Outlay	20,000	20,000	13,178	6,822
Other	5,500	5,500	7,419	(1,919)
Total	<u>7,765,067</u>	<u>7,963,254</u>	<u>7,626,613</u>	<u>336,641</u>
Curriculum, Media & Staff Development				
Salaries	1,741,816	1,806,197	1,804,326	1,871
Employee benefits	614,147	612,614	731,383	(118,769)
Purchased Services	365,364	406,489	183,985	222,504
Supplies and materials	93,910	82,660	121,333	(38,673)
Capital Outlay	13,500	13,500	16,491	(2,991)
Other	2,500	2,500	339	2,161
Total	<u>2,831,237</u>	<u>2,923,960</u>	<u>2,857,857</u>	<u>66,103</u>
Board of Education, Legal, PR & Superintendent				
Salaries	572,226	582,226	578,275	3,951
Employee benefits	266,510	266,510	300,562	(34,052)
Purchased Services	268,540	268,540	252,015	16,525
Supplies and materials	146,350	143,850	108,911	34,939
Capital Outlay	2,600	2,600	5,264	(2,664)
Other	79,300	79,300	83,801	(4,501)
Total	<u>1,335,526</u>	<u>1,343,026</u>	<u>1,328,828</u>	<u>14,198</u>
School Administration				
Salaries	5,755,286	5,635,771	5,742,739	(106,968)
Employee benefits	1,998,854	1,969,904	2,292,053	(322,149)
Purchased Services	66,266	66,266	72,756	(6,490)
Supplies and materials	109,524	93,810	111,218	(17,408)
Capital Outlay	5,700	5,700	5,243	457
Other	1,977	1,977	300	1,677
Total	<u>7,937,607</u>	<u>7,773,428</u>	<u>8,224,309</u>	<u>(450,881)</u>

(Continued)

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

EXPENDITURES	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Business Support & Internal Operations				
Salaries	\$ 947,906	\$ 953,906	\$ 941,026	\$ 12,880
Employee benefits	374,103	369,103	397,973	(28,870)
Purchased Services	157,800	157,800	98,018	59,782
Supplies and materials	75,000	75,000	96,845	(21,845)
Capital Outlay	87,000	87,000	2,466	84,534
Other	(39,850)	(39,850)	(47,543)	7,693
Total	<u>1,601,959</u>	<u>1,602,959</u>	<u>1,488,785</u>	<u>114,174</u>
Operations Maintenance				
Salaries	3,814,867	3,796,367	3,770,622	25,745
Employee benefits	1,409,862	1,409,862	1,566,876	(157,014)
Purchased Services	2,502,530	2,492,210	2,322,457	169,753
Supplies and materials	2,276,780	2,321,780	3,302,134	(980,354)
Capital Outlay	61,500	61,500	93,991	(32,491)
Other	(1,000)	(1,000)	2,690	(3,690)
Total	<u>10,064,539</u>	<u>10,080,719</u>	<u>11,058,770</u>	<u>(978,051)</u>
Transportation				
Salaries	3,322,000	3,471,293	3,457,974	13,319
Employee benefits	1,270,304	1,328,304	1,381,235	(52,931)
Purchased Services	228,600	233,600	210,821	22,779
Supplies and materials	459,000	459,000	479,928	(20,928)
Capital Outlay	15,000	15,000	12,094	2,906
Other	(42,025)	(42,025)	(46,448)	4,423
Total	<u>5,252,879</u>	<u>5,465,172</u>	<u>5,495,604</u>	<u>(30,432)</u>
Personnel & Information Systems				
Salaries	2,099,117	2,224,757	2,130,162	94,595
Employee benefits	726,881	726,881	802,313	(75,432)
Purchased Services	2,128,134	2,203,134	1,846,786	356,348
Supplies and materials	102,729	100,729	73,047	27,682
Capital Outlay	22,000	22,000	18,865	3,135
Other	26,475	26,475	43,229	(16,754)
Total	<u>5,105,336</u>	<u>5,303,976</u>	<u>4,914,402</u>	<u>389,574</u>
Community Services				
Salaries	156,588	156,588	171,279	(14,691)
Employee benefits	46,601	46,601	58,092	(11,491)
Purchased Services	945,000	945,000	1,014,062	(69,062)
Supplies and materials	14,500	14,439	10,076	4,363
Other	50,000	50,000	134,568	(84,568)
Total	<u>1,212,689</u>	<u>1,212,628</u>	<u>1,388,077</u>	<u>(175,449)</u>

(Continued)

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Debt Service				
Principal	\$ -	\$ 68,520	\$ 65,257	\$ 3,263
Interest and fees	-	3,263	3,263	-
Total	-	71,783	68,520	3,263
Reserves				
TABOR	2,600,000	2,650,000	-	2,650,000
Mill Levy Override	70,558	202,813	-	202,813
Multi-year Obligations	423,924	424,429	-	424,429
Contingency	2,390,801	3,227,409	-	3,227,409
Total	5,485,283	6,504,651	-	6,504,651
 TOTAL EXPENDITURES	 104,368,825	 105,711,446	 101,977,876	 3,733,570
 Excess (deficiency) of revenues over expenditures	 20,226,011	 19,010,177	 22,128,471	 3,118,294
 OTHER FINANCING SOURCES (USES)				
Transfer to Capital Projects Fund	(3,231,719)	(4,060,828)	(4,060,828)	-
Transfer to Building Fund	(24,100,000)	(22,600,000)	(20,600,000)	2,000,000
Transfer to Pupil Activity Fund	(50,000)	(50,000)	(50,000)	-
 Total other financing sources (uses)	 (27,381,719)	 (26,710,828)	 (24,710,828)	 2,000,000
 Net change in fund balance	 (7,155,708)	 (7,700,651)	 (2,582,357)	 5,118,294
 Fund balance, beginning	 7,155,708	 7,700,651	 7,700,651	 -
 Fund balance, end of year	 \$ -	 \$ -	 \$ 5,118,294	 \$ 5,118,294

See accompanying independent auditors' report.

Other Supplementary Information

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Food Service Fund	Designated Purpose Grants Fund	Pupil Activity Fund	Capital Projects Fund	Totals
ASSETS					
Cash and investments	\$ 2,340,788	\$ 257,442	\$ 537,718	\$ 1,053,523	\$ 4,189,471
Intergovernmental receivables	305,482	902,547	-	-	1,208,029
Accounts receivable	-	-	44,535	9,000	53,535
Internal balances	2,054	-	-	-	2,054
Prepaid expenditures	-	-	-	64,271	64,271
Inventories	59,815	-	-	-	59,815
TOTAL ASSETS	\$ 2,708,139	\$ 1,159,989	\$ 582,253	\$ 1,126,794	\$ 5,577,175
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 137,326	\$ 47,563	\$ 14,286	\$ 71,702	\$ 270,877
Accrued salaries and benefits	-	517,243	-	-	517,243
Accrued liabilities	-	-	-	-	-
Intergovernmental accounts payable	-	-	-	-	-
Due to other funds	-	562,019	-	-	562,019
Unearned revenues	160,543	33,164	-	-	193,707
TOTAL LIABILITIES	297,869	1,159,989	14,286	71,702	1,543,846
FUND BALANCE					
Nonspendable					
Inventories	59,815	-	-	-	59,815
Prepaid expenditures	-	-	-	64,271	64,271
Restricted					
BEST Grant capital renewal reserve	-	-	-	170,000	170,000
Assigned					
Food service	2,350,455	-	-	-	2,350,455
Pupil Activities	-	-	567,967	-	567,967
Capital projects	-	-	-	820,821	820,821
TOTAL FUND BALANCE	2,410,270	-	567,967	1,055,092	4,033,329
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,708,139	\$ 1,159,989	\$ 582,253	\$ 1,126,794	\$ 5,577,175

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, 2023

	Food Service Fund	Designated Purpose Grants Fund	Pupil Activity Fund	Capital Projects Fund	Totals
REVENUES					
Local sources	\$ 1,197,772	\$ -	\$ 1,078,656	\$ 11,939	\$ 2,288,367
State sources	91,261	-	-	262,507	353,768
Federal sources	2,957,554	8,394,165	-	-	11,351,719
TOTAL REVENUES	4,246,587	8,394,165	1,078,656	274,446	13,993,854
EXPENDITURES					
Current					
Instruction	-	5,144,141	1,062,659	309,808	6,516,608
Instructional support	-	2,955,731	-	-	2,955,731
Administration	-	83,446	-	-	83,446
Central Support Services	-	163,105	-	3,744,976	3,908,081
Community and food services	4,265,924	47,742	-	-	4,313,666
Capital outlay	-	-	-	-	-
Debt Service					
Principal retirement	-	-	-	315,520	315,520
Interest and fees	-	-	-	23,285	23,285
TOTAL EXPENDITURES	4,265,924	8,394,165	1,062,659	4,393,589	18,116,337
Excess (deficiency) of revenues over expenditures	(19,337)	-	15,997	(4,119,143)	(4,122,483)
OTHER FINANCING SOURCES					
Proceeds from lease financing	-	-	-	-	-
Transfers in	-	-	50,000	4,060,828	4,110,828
TOTAL OTHER FINANCING SOURCES	-	-	50,000	4,060,828	4,110,828
Net change in fund balance	(19,337)	-	65,997	(58,315)	(11,655)
Fund balance, beginning of year	2,429,607	-	501,970	1,113,407	4,044,984
Fund balance, end of year	<u>\$ 2,410,270</u>	<u>\$ -</u>	<u>\$ 567,967</u>	<u>\$ 1,055,092</u>	<u>\$ 4,033,329</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, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 1,105,000	\$ 1,016,000	\$ 1,197,772	\$ 181,772
State sources	85,000	85,000	91,261	6,261
Federal sources	2,950,000	2,309,590	2,957,554	647,964
TOTAL REVENUES	4,140,000	3,410,590	4,246,587	835,997
EXPENDITURES				
Salaries	58,000	58,250	68,168	(9,918)
Employee benefits	27,000	26,750	24,676	2,074
Purchased Services	2,076,000	2,076,000	1,900,214	175,786
Supplies	2,194,500	2,094,500	2,016,917	77,583
Equipment	185,000	185,000	105,949	79,051
Other	150,000	150,000	150,000	-
Contingency	1,618,123	1,249,697	-	1,249,697
TOTAL EXPENDITURES	6,308,623	5,840,197	4,265,924	1,574,273
Excess (deficiency) of revenues over expenditures	(2,168,623)	(2,429,607)	(19,337)	2,410,270
Fund balance, beginning of year	2,168,623	2,429,607	2,429,607	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,410,270</u>	<u>\$ 2,410,270</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, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal sources	\$ 9,105,967	\$ 9,172,493	\$ 8,394,165	\$ (778,328)
TOTAL REVENUES	9,105,967	9,172,493	8,394,165	(778,328)
EXPENDITURES				
Salaries	6,172,172	6,252,094	5,926,085	326,009
Employee benefits	1,885,918	1,898,868	1,831,379	67,489
Purchased Services	388,523	380,046	346,247	33,799
Supplies	636,387	626,134	285,519	340,615
Equipment	-	-	-	-
Other	22,967	15,351	4,935	10,416
TOTAL EXPENDITURES	9,105,967	9,172,493	8,394,165	778,328
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
PUPIL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Local sources	\$ 885,100	\$ 1,086,500	\$ 1,078,656	\$ (7,844)
EXPENDITURES				
Purchased Services	-	-	193	(193)
Supplies	1,085,000	1,385,000	1,062,466	322,534
Contingency	187,022	253,470	-	253,470
TOTAL EXPENDITURES	1,272,022	1,638,470	1,062,659	575,811
Excess (deficiency) of revenues over expenditures	(386,922)	(551,970)	15,997	567,967
OTHER FINANCING SOURCES				
Transfer from the General Fund	50,000	50,000	50,000	-
TOTAL OTHER FINANCING SOURCES	50,000	50,000	50,000	-
Net change in fund balance	(336,922)	(501,970)	65,997	567,967
Fund balance, beginning of year	336,922	501,970	501,970	-
Fund balance, end of year	\$ -	\$ -	\$ 567,967	\$ 567,967

See accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Local sources	\$ 76,025	\$ 410,000	\$ 589,517	\$ 179,517
Federal Sources	650,000	727,064	727,064	-
TOTAL REVENUES	726,025	1,137,064	1,316,581	179,517
EXPENDITURES				
Current				
Salaries and benefits	183,900	183,900	183,420	480
Capital outlay				
Facilities acquisition and construction	23,540,000	28,356,057	25,553,774	2,802,283
Debt service				
Principal	770,000	770,000	770,000	-
Interest and fees	350,550	998,130	998,130	-
Debt issuance costs	-	135,000	130,398	4,602
Contingency	1,181,867	21,419,757	-	21,419,757
TOTAL EXPENDITURES	26,026,317	51,862,844	27,635,722	24,227,122
Excess (deficiency) of revenues over expenditures	(25,300,292)	(50,725,780)	(26,319,141)	24,406,639
OTHER FINANCING SOURCES				
Proceeds of Financing	-	27,635,000	27,635,000	-
Transfer from the General Fund	24,100,000	22,600,000	20,600,000	(2,000,000)
TOTAL OTHER FINANCING SOURCES	24,100,000	50,235,000	48,235,000	(2,000,000)
Net change in fund balance	(1,200,292)	(490,780)	21,915,859	22,406,639
Fund balance, beginning of year	1,200,292	490,780	490,780	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,406,639</u>	<u>\$ 22,406,639</u>

See accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 1,000	\$ 15,000	\$ 11,939	\$ (3,061)
State sources	262,507	262,507	262,507	-
TOTAL REVENUES	263,507	277,507	274,446	(3,061)
EXPENDITURES				
Purchased Services	2,501,615	2,661,350	2,551,315	110,035
Capital Outlay	1,636,083	1,713,983	1,503,469	210,514
Debt Service				
Principal	69,347	309,586	315,520	(5,934)
Interest and fees	12,374	29,219	23,285	5,934
Contingency	250,092	737,604	-	737,604
TOTAL EXPENDITURES	4,469,511	5,451,742	4,393,589	1,058,153
Excess (deficiency) of revenues over expenditures	(4,206,004)	(5,174,235)	(4,119,143)	1,055,092
OTHER FINANCING SOURCES				
Proceeds from lease financing	-	-	-	-
Transfer from the General Fund	3,231,719	4,060,828	4,060,828	-
TOTAL OTHER FINANCING SOURCES	3,231,719	4,060,828	4,060,828	-
Net change in fund balance	(974,285)	(1,113,407)	(58,315)	1,055,092
Fund balance, beginning of year	974,285	1,113,407	1,113,407	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,055,092</u>	<u>\$ 1,055,092</u>

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, 2023**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Additional Award Identification	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. Department of Education					
Direct Programs					
Impact Aid	84.041			\$ -	\$ 34,409,464
Title VI Indian Education	84.060			-	9,427
Total Direct Programs				-	34,418,891
Passed through Colorado Department of Education					
Title I Title I	84.010		4010	-	1,442,963
Special Education Cluster					
IDEA Special Education	84.027		4027	-	1,451,667
IDEA Special Education Preschool	84.173		4173	-	74,404
American Rescue Plan (ARP) ESSER Special Education	84.027X	COVID-19	6027	-	12,184
Total Special Education Cluster				-	1,538,255
Title II-A Supporting Effective Instruction	84.367		4367	-	253,591
Title III English Language Acquisition (ELL)	84.365A		4365	-	32,311
Title IV-A Student Support and Academic Enrichment	84.424A		4424	-	79,922
Education Stabilization Fund					
Elementary & Secondary School Emergency Relief (ESSER II)	84.425D	COVID-19	4419	-	63,777
American Rescue Plan (ARP) ESSER III	84.425U	COVID-19	4414, 4418	-	4,865,852
American Rescue Plan (ARP) HCY I & II	84.425W	COVID-19	8425, 8426	-	47,170
Title X Education for Homeless Children and Youth (HCY)	84.196A		5196	-	75,000
Total Passed through Colorado Department of Education				-	8,398,841
Passed through Colorado Community College System					
Career and Technical Education (CTE)	84.048		4048	-	66,041
Total U.S. Department of Education				-	42,883,773
U.S. Department of Agriculture					
Child Nutrition Cluster					
Passed through Colorado Department of Human Services					
Food Donation (commodities)	10.555		4555	-	280,758
Passed through Colorado Department of Education					
School Breakfast Program	10.553		4553	-	556,415
National School Lunch Program	10.555		4555, 6555	-	2,072,754
Special Milk Program for Children	10.556		4556	-	9,494
Summer Food Service Program (SFSP) for Children	10.559		4559	-	38,134
SNAP (Local P-EBT)	10.649	COVID-19	4649	-	6,391
Total Child Nutrition Cluster				-	2,963,946
Total U.S. Department of Agriculture				-	2,963,946
U.S. Department of Defense					
Direct Programs					
Junior ROTC	12.000			-	142,757
DOD Impact Aid	12.558			-	2,148,377
Promoting K-12 Student Achievement at Military Connected Schools	12.556			-	60,299
Total U.S. Department of Defense				-	2,351,433
Total Federal Awards				\$ -	\$ 48,199,152

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

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, 2023. 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, 2023, there are no negative amounts on the schedule.

Pass-through entity identifying numbers are presented where available. For the year ended June 30, 2023, 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, 2023, El Paso County School District No. 8 received \$280,758 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, 2023, 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 30, 2023.

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 30, 2023



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

To the Board of Education
El Paso County School District No. 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, 2023. 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, 2023.

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 30, 2023

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ___ yes x no

Federal Awards

Internal control over major programs?

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
CFDA 84.010	Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)
CFDA 84.041	Impact Aid (Title VII of ESEA)
CFDA 84.027, 84.173	Special Education Cluster (IDEA)
CFDA 84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs? \$1,445,975

Auditee qualified as low-risk auditee? x yes ___ no

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023**

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, 2022. 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, 2023 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.

State Compliance



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

To the Board of Education
El Paso County School District No. 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, 2023, which collectively comprise El Paso County School District No. 8's basic financial statements, and our report thereon dated November 30, 2023, 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.

Colorado Springs, Colorado
November 30, 2023



Colorado Department of Education
Auditors Integrity Report
 District: 1000 - Fountain 8
 Fiscal Year 2022-23
 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	7,661,522		97,870,251	100,483,191		5,048,582
18 Risk Mgmt Sub-Fund of General Fund	39,129		1,525,268	1,494,685		69,712
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	7,700,651		99,395,519	101,977,877		5,118,294
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	2,429,607		4,246,587	4,265,924		2,410,270
22 Govt Designated-Purpose Grants Fund	1		8,394,165	8,394,165		1
23 Pupil Activity Special Revenue Fund	501,970		1,128,656	1,062,659		567,967
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	490,780		49,551,582	27,635,723		22,406,639
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	1,113,407		4,335,274	4,393,588		1,055,092
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	12,236,416		167,051,783	147,729,936		31,558,262
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