

El Paso County School District No. 8

Financial Statements

June 30, 2024

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, 2024 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, 2024 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 18, 2024 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 18, 2024

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, 2024. 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 \$122,108,142 (net position). This includes the net pension liability of \$176,453,263 and net OPEB liability of \$4,260,638 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 \$19,294,709 during the fiscal year.
- At the close of the current fiscal year, the District's *governmental funds* reported combined ending fund balances of \$45,317,518, which represents an increase of \$13,759,256 from the prior year.
- The *governmental funds* reported an unassigned fund balance of \$7,423,192 in the General Fund, and assigned fund balances of \$3,885 in the Insurance Reserve sub-fund of the General Fund, of \$28,843,969 in the Building Fund, \$1,114,938 in the Capital Projects Fund, \$2,955,827 in the Food Service Fund, and \$585,054 in the Pupil Activity Fund.
- At June 30, 2024, \$3,000,000 of the General Fund fund balance was restricted for the emergency contingency required by Article X, Section 20 of the Colorado Constitution (TABOR).
- During 2024, the District received \$42,799,946 in federal Impact Aid funding which is recorded in the General Fund and an additional \$1,114,876 recorded in the Building Fund for a total of \$43,914,822.

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 \$122,108,142 at the close of the most recent fiscal year.
- \$222,786,879 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 \$3,863,156 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 \$176,453,263. 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 \$104,541,893.
- During 2024, District-wide net position increased by \$19,294,709.
- 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, 2024 is 4.20 (3.04 at June 30, 2023) meaning the District has liquid assets equal to 4.2 times its current liabilities.

PRIMARY GOVERNMENT CONDENSED STATEMENT OF NET POSITION

	Governmental Activities	
	2024	2023
ASSETS		
Current assets	\$ 56,548,231	\$ 44,052,785
Capital assets	258,991,370	249,672,106
Total assets	<u>315,539,601</u>	<u>293,724,891</u>
DEFERRED OUTFLOWS	<u>44,264,481</u>	<u>37,529,907</u>
LIABILITIES		
Other liabilities	13,462,667	14,509,987
Long-term debt	217,211,765	199,232,896
Total liabilities	<u>230,674,432</u>	<u>213,742,883</u>
DEFERRED INFLOWS	<u>7,021,508</u>	<u>14,698,482</u>
NET POSITION		
Net investment in capital assets	222,786,879	211,854,286
Restricted	3,863,156	11,657,800
Unrestricted	(104,541,893)	(120,698,653)
Total net position	<u>\$ 122,108,142</u>	<u>\$ 102,813,433</u>

Governmental Activities. Governmental activities increased the District's net position by \$19,294,709, thereby accounting for 100% of the total change in the net position of the District.

- The cost of all governmental activities was \$136,312,697.
- Users of the District's governmental programs financed \$371,829.
- Federal and state governments subsidized certain programs with operating grants totaling \$18,755,170, including \$723,851 of federal corona virus related funds, and capital contributions of \$1,196,273.
- General revenues for governmental activities of \$136,480,407 include \$6,687,806 of property taxes; \$79,937,319 of state equalization, mill levy match funding and universal preschool funds; and \$45,642,432 of federal impact aid funding and DoD supplemental impact aid funding.

PRIMARY GOVERNMENT CONDENSED STATEMENT OF CHANGES IN NET POSITION

	Governmental Activities	
	2024	2023
REVENUES		
Program Revenues:		
Charges for services	\$ 371,829	\$ 1,386,850
Operating grants and contributions	17,558,897	23,986,250
Capital grants and contributions	1,196,273	989,571
General Revenues:		
Property and specific ownership taxes	7,288,841	5,922,407
State equalization	79,937,319	70,403,550
Impact aid	45,642,432	35,830,777
Other revenue	1,573,951	1,540,706
Earnings on investments	2,037,864	812,680
Total Revenues	155,607,406	140,872,791
EXPENSES		
Instruction	72,273,043	71,266,510
Instructional supporting services	15,130,692	14,737,639
Administration	11,220,677	10,678,625
Support services	30,338,180	29,946,496
Community services	6,028,899	5,716,058
Interest and fiscal charges	1,321,206	1,213,970
Total Expenses	136,312,697	133,559,298
Increase (decrease) in net position	19,294,709	7,313,493
Beginning net position	102,813,433	95,499,940
Ending net position	\$ 122,108,142	\$ 102,813,433

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 \$45,317,518. Approximately 16.4% 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 \$7,423,192, while total fund balance reached \$11,277,250. 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 6.9% of total General Fund expenditures, while total fund balance represents 10.5% of that same amount.

The fund balance of the District's General Fund increased by \$6,158,294 during the current fiscal year compared to a decrease of \$2,582,357 in the prior year.

General Fund revenue totaled \$142,236,296 during the current fiscal year compared to \$124,106,347 in the prior year. This reflects an increase in state equalization and impact aid funding.

Fund balance for the Building Fund, a major governmental fund, increased by \$6,437,330 compared to an increase of \$21,915,859 in the prior year due completion of the Trojan Arena complex construction project and the start of construction on a new elementary school.

Major Fund Budgetary Highlights

The District approves the original budget in June based on enrollment projections for the following school year. In December or January, 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 \$3,914,697 or 3.4% of the total original budget. The final General Fund budget for revenues increased by \$12,166,311 or 9.4% of the original budget and was primarily due to an increase in federal impact aid funding.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets as of June 30, 2024 amounts to \$222,786,879 (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 \$9,319,264, which represents an increase of 3.7% over the June 30, 2023 balance.

During the year, the District completed construction of the new Trojan Arena Complex at the comprehensive high school and began construction of 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 \$8,570,000 and the balance of the COP's issues to complete the Trojan Arena was \$26,805,000 at June 30, 2024.

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 2023-24 primarily due 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 residential construction project on Fort Carson to rebuild homes in the Arapahoe (formerly Cherokee West) village began this school year with occupancy scheduled to start in 2025-26.

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 2024-25 school year is expected to be flat 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, 2024

	Primary Government Governmental Activities
ASSETS	
Cash and investments	\$ 55,055,962
Accounts receivable	104,484
Taxes receivable	220,313
Intergovernmental receivables	639,975
Inventories and prepaid expenses	527,497
Capital assets, not being depreciated	13,630,915
Capital assets, depreciated, net	245,360,455
Total assets	315,539,601
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, net of accumulated amortization	43,210,486
OPEB, net of accumulated amortization	1,053,995
Total assets and deferred outflows of resources	359,804,082
LIABILITIES	
Accounts payable and other current liabilities	3,450,663
Accrued salaries and benefits	6,446,161
Unearned revenues	970,913
Accrued interest payable	121,446
Non-current liabilities due within one year	2,473,484
Non-current liabilities due in more than one year:	
Compensated absences	2,466,857
Leases	476,007
Certificates of Participation (COP)	33,555,000
Net pension liability	176,453,263
Net OPEB liability	4,260,638
Total liabilities	230,674,432
DEFERRED INFLOWS OF RESOURCES	
Pensions, net of accumulated amortization	5,230,764
OPEB, net of accumulated amortization	1,790,744
Total liabilities and deferred inflows of resources	237,695,940
NET POSITION	
Net investment in capital assets	222,786,879
Restricted for	
Mill levy override	
Instructional materials and salaries	213,791
Constitutional amendment (TABOR)	3,000,000
BEST Grant capital renewal reserve	184,000
Multi-year obligations	465,365
Unrestricted	(104,541,893)
Total net position	\$ 122,108,142

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, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 72,273,043	\$ 19,045	\$ 9,161,006	\$ -	\$ (63,092,992)
Instructional support	15,130,692	-	1,997,635	-	(13,133,057)
Administration	11,220,677	-	30,438	-	(11,190,239)
Central support services	30,338,180	330,680	6,335,913	1,196,273	(22,475,314)
Community services	6,028,899	22,104	33,905	-	(5,972,890)
Interest and fiscal charges	1,321,206	-	-	-	(1,321,206)
Total primary government	\$ 136,312,697	\$ 371,829	\$ 17,558,897	\$ 1,196,273	(117,185,698)
General revenues:					
Property taxes					6,687,806
Specific ownership taxes					601,035
State equalization and UPK funding					79,937,319
Federal impact aid					45,642,432
Investment earnings					2,037,864
Miscellaneous revenues					1,573,951
Total general revenues					<u>136,480,407</u>
Change in net position					19,294,709
Net position, beginning of year					<u>102,813,433</u>
Net position, end of year					<u>\$ 122,108,142</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, 2024

	General Fund	Building Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 18,667,494	\$ 31,271,477	\$ 5,116,991	\$ 55,055,962
Accounts receivable	23,051	77,282	4,151	104,484
Taxes receivable	220,313	-	-	220,313
Internal balances	1,817	-	1,500	3,317
Intergovernmental receivables	25,981	-	613,994	639,975
Prepaid expenditures	-	-	293,467	293,467
Inventories	171,017	-	63,013	234,030
	<u>171,017</u>	<u>-</u>	<u>63,013</u>	<u>234,030</u>
Total assets	<u>\$ 19,109,673</u>	<u>\$ 31,348,759</u>	<u>\$ 6,093,116</u>	<u>\$ 56,551,548</u>
LIABILITIES				
Accounts payable	\$ 761,593	\$ 2,504,790	\$ 184,280	\$ 3,450,663
Accrued salaries and benefits	6,146,430	-	299,731	6,446,161
Accrued liabilities	300,000	-	-	300,000
Internal balances	-	-	3,317	3,317
Unearned revenues	561,424	-	409,489	970,913
	<u>561,424</u>	<u>-</u>	<u>409,489</u>	<u>970,913</u>
Total liabilities	<u>7,769,447</u>	<u>2,504,790</u>	<u>896,817</u>	<u>11,171,054</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	62,976	-	-	62,976
	<u>62,976</u>	<u>-</u>	<u>-</u>	<u>62,976</u>
FUND BALANCES				
Nonspendable				
Inventories	171,017	-	63,013	234,030
Prepaid expenditures	-	-	293,467	293,467
Restricted				
Mill levy override				
Instructional materials and salaries	213,791	-	-	213,791
Constitutional amendment (TABOR)	3,000,000	-	-	3,000,000
Multi-year obligations	465,365	-	-	465,365
New School Construction	-	-	-	-
BEST Grant capital renewal reserve	-	-	184,000	184,000
Assigned				
Insurance activities	3,885	-	-	3,885
Food service	-	-	2,955,827	2,955,827
Pupil activities	-	-	585,054	585,054
Capital projects	-	28,843,969	1,114,938	29,958,907
Unassigned	7,423,192	-	-	7,423,192
	<u>7,423,192</u>	<u>-</u>	<u>-</u>	<u>7,423,192</u>
Total fund balances	<u>11,277,250</u>	<u>28,843,969</u>	<u>5,196,299</u>	<u>45,317,518</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,109,673</u>	<u>\$ 31,348,759</u>	<u>\$ 6,093,116</u>	<u>\$ 56,551,548</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, 2024

Total fund balances--governmental funds **\$ 45,317,518**

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	9,518,813	
	Depreciable and Leased Assets	323,779,618	
	Less: Accumulated Depreciation and Amortization	<u>(78,419,163)</u>	
			258,991,370

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. 62,976

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	\$ (35,375,000)	
	Accrued interest payable	(121,446)	
	Equipment and vehicle leases payable	(829,491)	
	Compensated absences	(2,466,857)	
	Net pension liability	(176,453,263)	
	Pension-related deferred outflows of resources	43,210,486	
	Pension-related deferred inflows of resources	(5,230,764)	
	Net OPEB liability	(4,260,638)	
	OPEB-related deferred outflows of resources	1,053,995	
	OPEB-related deferred inflows of resources	<u>(1,790,744)</u>	
			<u>(182,263,722)</u>

Total net position--governmental activities **\$ 122,108,142**

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, 2024

	General Fund	Building Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 8,841,050	\$ 1,166,772	\$ 1,607,853	\$ 11,615,675
State sources	87,467,151	-	2,007,142	89,474,293
Federal sources	45,928,095	1,114,876	7,408,138	54,451,109
	<u>142,236,296</u>	<u>2,281,648</u>	<u>11,023,133</u>	<u>155,541,077</u>
EXPENDITURES				
Current				
Instruction	58,774,584	-	5,200,622	63,975,206
Instructional support	12,091,742	-	1,498,402	13,590,144
Administration	10,027,182	-	-	10,027,182
Central Support Services	24,619,874	207,157	2,092,485	26,919,516
Community and food services	1,343,369	-	4,675,611	6,018,980
Capital Outlay	-	18,282,485	-	18,282,485
Debt service				
Principal retirement	98,229	1,625,000	323,332	2,046,561
Interest and fees	4,908	1,329,676	15,474	1,350,058
	<u>106,959,888</u>	<u>21,444,318</u>	<u>13,805,926</u>	<u>142,210,132</u>
Excess (Deficiency) of revenues over expenditures	<u>35,276,408</u>	<u>(19,162,670)</u>	<u>(2,782,793)</u>	<u>13,330,945</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from financing	428,311	-	-	428,311
Transfers in	-	25,600,000	3,945,763	29,545,763
Transfers (out)	(29,545,763)	-	-	(29,545,763)
	<u>(29,117,452)</u>	<u>25,600,000</u>	<u>3,945,763</u>	<u>428,311</u>
Net change in fund balances	6,158,956	6,437,330	1,162,970	13,759,256
Fund balances, beginning of year	<u>5,118,294</u>	<u>22,406,639</u>	<u>4,033,329</u>	<u>31,558,262</u>
Fund balances, end of year	<u><u>\$ 11,277,250</u></u>	<u><u>\$ 28,843,969</u></u>	<u><u>\$ 5,196,299</u></u>	<u><u>\$ 45,317,518</u></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, 2024

Net change in fund balances -- governmental funds **\$ 13,759,256**

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	\$ 16,874,774	
Retirements, net	-	
Depreciation expense	<u>(7,555,508)</u>	9,319,266

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. 4,961

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

Equipment Lesae	(428,311)
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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	1,625,000
Equipment and vehicle lease principal payment	416,641

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	\$ 8,546	
Change in compensated absences	(36,969)	
Change in net pension liability	(20,824,474)	
Change in pension-related deferred outflows of resources	7,098,271	
Change in pension-related deferred inflows of resources	7,601,085	
Change in net OPEB liability	1,039,245	
Change in OPEB-related deferred outflows of resources	(363,697)	
Change in OPEB-related deferred inflows of resources	<u>75,889</u>	(5,402,104)

Change in net position of governmental activities **\$ 19,294,709**

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, 2024

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 500 non-certificated employees and 602 certificated employees to provide services to approximately 7,885 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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024, the District had the following cash and investments:

Cash on hand	\$ 1,995
Deposits	33,603,218
Investments	<u>21,450,749</u>
Total	<u><u>\$ 55,055,962</u></u>

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

Cash and Investments - Primary Government	<u><u>\$ 55,055,962</u></u>
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EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 \$33,603,218 and the bank balances were \$35,397,644. 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, 2024, the District had \$21,450,749 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, 2024

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, 2024 is as follows:

	Due from	Due to
	<u>Other funds</u>	<u>Other Funds</u>
General Fund	\$ 1,817	\$ -
Building Fund	-	-
Nonmajor Funds	-	1,817
Total	\$ 1,817	\$ 1,817

Interfund transfers

The composition of interfund transfers for the year ended June 30, 2024, is as follows:

	Transfers from	Transfers to
	<u>Other funds</u>	<u>Other Funds</u>
General Fund	\$ -	\$ 29,545,763
Building Fund	25,600,000	-
Nonmajor Funds	3,945,763	-
Total	\$ 29,545,763	\$ 29,545,763

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, 2024

NOTE 6 CAPITAL ASSETS

Activity for capital assets during the year ended June 30, 2024, was as follows.

Governmental activities:				
	Beginning			Ending
	Balance	Increases	Decreases	Balance
Capital assets, not being depreciated:				
Land	\$ 4,112,102	\$ -	\$ -	\$ 4,112,102
Construction in progress	47,025,423	15,140,020	52,646,630	9,518,813
Total capital assets, not being depreciated	51,137,525	15,140,020	52,646,630	13,630,915
Capital assets, being depreciated:				
Buildings	252,614,846	52,646,630	-	305,261,476
Equipment	7,267,035	697,692	-	7,964,727
Buses/Other vehicles	8,819,980	608,749	283,250	9,145,479
Total capital assets being depreciated	268,701,861	53,953,071	283,250	322,371,682
Less accumulated depreciation for:				
Buildings	59,152,037	6,082,317	-	65,234,354
Equipment	5,552,693	356,201	-	5,908,894
Buses/Other vehicles	6,218,920	764,771	283,250	6,700,441
Total accumulated depreciation	70,923,650	7,203,289	283,250	77,843,689
Total depreciable assets, net	197,778,211	46,749,782	-	244,527,993
Leased assets				
Equipment	1,120,083	428,311	140,458	1,407,936
Buses/Other vehicles	402,084	-	402,084	-
Total Leased capital assets	1,522,167	428,311	542,542	1,407,936
Less accumulated amortization for:				
Equipment	385,364	330,568	140,458	575,474
Buses/Other vehicles	380,433	21,651	402,084	-
Total accumulated amortization	765,797	352,219	542,542	575,474
Total leased assets, net	756,370	76,092	-	832,462
Total depreciable and leased assets, net	198,534,581	46,825,874	-	245,360,455
Governmental activities capital assets, net	\$249,672,106	\$ 61,965,894	\$ 52,646,630	\$258,991,370

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 CAPITAL ASSETS (continued)

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

Governmental activities:

Instruction	\$ 4,155,529
Instructional Support	755,551
Administration	528,886
Central Support Services	2,115,542
Total Depreciation Expense - Governmental Activities	<u>\$ 7,555,508</u>

NOTE 7 LEASES

The District, as a lessee, has entered into lease agreements for equipment with lease terms ranging from 4 to 5 years. The total costs of these right-to-use lease assets are recorded as \$1,407,936, less accumulated amortization of \$575,474. The District has determined that as of June 30, 2024, 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, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 353,484	\$ 16,032	\$ 369,516
2026	360,006	9,511	369,517
2027	107,078	5,354	112,432
2028	8,923	445	9,368
2029	-	-	-
Total	<u>\$ 829,491</u>	<u>\$ 31,342</u>	<u>\$ 860,833</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, 2024 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	\$ 9,365,000	\$ -	\$ 795,000	\$ 8,570,000	\$ 825,000
2022	27,635,000	-	830,000	26,805,000	995,000
Leases	817,821	428,311	416,641	829,491	353,484
Compensated Absences	2,729,888	316,137	279,169	2,766,856	300,000
Net pension liability	155,628,789	31,838,896	11,014,422	176,453,263	-
Net OPEB liability	5,299,883	553,051	1,592,296	4,260,638	-
Total	<u>\$ 201,476,381</u>	<u>\$ 33,136,395</u>	<u>\$ 14,927,528</u>	<u>\$ 219,685,248</u>	<u>\$ 2,473,484</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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
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	950,000	165,217	1,115,217
2030 - 2033	4,140,000	303,048	4,443,048
Total	\$ 8,570,000	\$ 1,451,693	\$ 10,021,693

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
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	1,155,000	814,463	1,969,463
2030 - 2034	6,440,000	3,387,350	9,827,350
2035 - 2039	7,720,000	2,080,880	9,800,880
2040 - 2043	7,275,000	550,653	7,825,653
Total	\$ 26,805,000	\$ 10,495,700	\$ 37,300,700

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2023. 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, 2024

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, 2024: 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, 2023 through June 30, 2024. Employer contribution requirements are summarized in the table below:

	July 1, 2023 Through June 30, 2024
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 \$13,672,633 for the year ended June 30, 2024.

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. The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. §§ 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S. § 24-51-414(9) providing compensatory payment of \$14.561 million for 2023 only.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2022. Standard update procedures were used to roll-forward the TPL to December 31, 2023. 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 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2024, the El Paso County School District No. 8 reported a liability of \$176,453,263 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the El Paso County School District No. 8 as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with El Paso County School District No. 8 were as follows:

El Paso County School District No. 8 proportionate share of the net pension liability	\$ 176,453,263
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with El Paso County School District No. 8	3,869,096
Total	\$ 180,322,359

At December 31, 2023, the El Paso County School District No. 8 proportion was 0.9978456854%, which was an increase of 0.1431869201% from its proportion measured as of December 31, 2022.

For the year ended 4, the El Paso County School District No. 8 recognized pension expense of \$6,125,118 and revenue of \$362,170 for support from the State as a nonemployer contributing entity. At June 30, 2024, the El Paso County School District No. 8 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 8,367,225	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	12,648,951	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	15,303,412	5,230,764
Contributions subsequent to the measurement date	6,890,898	N/A
Total	\$ 43,210,486	\$ 5,230,764

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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)

\$6,890,898 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, 2025. 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:	
2025	\$ 6,132,503
2026	14,501,827
2027	13,981,360
2028	(3,526,866)
Thereafter	-

Actuarial assumptions. The TPL in the December 31, 2022 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, 2024

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, 2022, valuation were based on the results of the 2020 experience analysis dated October 28, 2020 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, 2024

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.
- 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.
- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

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	\$ 235,947,368	\$ 176,453,263	\$ 126,842,382

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.

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
2023 Changes in Plan Provision Since 2022

- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus \$10 million from the General Fund, totaling \$14.561 million.
- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information
2023 Changes in Assumptions or Other Inputs Since 2022

- There were no changes made to the actuarial methods or assumptions.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

General Information about the OPEB Plan (Continued)

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

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

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

PERA Benefit Structure

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

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

PERA Benefit Structure (continued)

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 \$684,306 for the year ended June 30, 2024.

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

At June 30, 2024, the El Paso County School District No. 8 reported a liability of \$4,260,638 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, 2023. 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 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the El Paso County School District No. 8 proportion was 0.5969570656% which was a decrease of 0.0521574191% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the El Paso County School District No. 8 recognized OPEB expense of \$(751,437). At June 30, 2024, 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	\$ -	\$ 873,259
Changes of assumptions or other inputs	50,103	451,771
Net difference between projected and actual earnings on OPEB plan investments	131,772	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	527,235	465,714
Contributions subsequent to the measurement date	344,885	N/A
Total	\$ 1,053,995	\$ 1,790,744

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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)

\$344,885 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, 2025. 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:	
2025	\$ (464,615)
2026	(221,647)
2027	(49,605)
2028	(174,431)
2029	(116,389)
Thereafter	(54,947)

Actuarial assumptions. . The TOL in the December 31, 2022 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	7.00% 2023, gradually decreasing 4.50% in 2033
Medicare Part A premiums	3.50% in 2023, gradually increasing to 4.50% in 2035
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

Each year the per capita health care costs are developed by plan option; currently based on 2023 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, 2024

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
65-68	2.3%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,692	\$1,406	\$579	\$481	\$1,913	\$1,589
70	\$1,901	\$1,573	\$650	\$538	\$2,149	\$1,778
75	\$2,100	\$1,653	\$718	\$566	\$2,374	\$1,869

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	\$6,469	\$5,373	\$4,198	\$3,487	\$6,719	\$5,581
70	\$7,266	\$6,011	\$4,715	\$3,900	\$7,546	\$6,243
75	\$8,026	\$6,319	\$5,208	\$4,101	\$8,336	\$6,563

The 2023 Medicare Part A premium is \$506 (actual dollars) per month.
All costs are subject to the health care cost trend rates, as discussed below.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, 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.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

The PERA 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
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022, 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 projection using scale MP-2019.

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

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

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

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

The 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, 2022, 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 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse
- 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.

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the 2020 experience analysis dated October 28, 2020, and November 4, 2020 for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to 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:

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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)

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	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 4,138,351	\$ 4,260,638	\$ 4,393,658

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, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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)

- 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.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively

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	\$ 5,032,348	\$ 4,260,638	\$ 3,600,439

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.

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
2023 Changes in Plan Provision Since 2022

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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)

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information
2023 Changes in Assumptions or Other Inputs Since 2022

- There were no changes made to the actuarial methods or assumptions.

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, 2024, a new elementary school on Fort Carson which is recorded in the Building Fund. This school will replace the existing Abrams Elementary school building. The project is scheduled to be completed by December 2025. 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>
Abrams Elementary - replacement school	\$ 9,518,813	\$ 31,000,000
Total Commitments	\$ 9,518,813	\$ 31,000,000

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 COMMITMENTS AND CONTINGENCIES (continued)

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, 2024, the reserve was reported as restricted fund balance in the Capital Projects Fund, in the amount of \$184,000.

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, 2024 there is a \$3,000,000 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.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 SUBSEQUENT EVENTS

In October 2024, one of the district's vendors failed to honor their commitment to provide food service equipment as quoted resulting in a loss of approximately \$225,000. The District is working with law enforcement to pursue criminal action against the vendor in addition to working with attorneys on civil action.

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, 2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
PROPORTIONATE SHARE OF NET PENSION LIABILITY										
District's proportion of net pension liability (asset)	0.9978456854%	0.8546587653%	0.9167161690%	1.0034704008%	0.8820538315%	0.8858485315%	1.0060639759%	1.0142534803%	1.0091385263%	0.9906728422%
District's proportionate share of the net pension liability (asset)	\$ 176,453,263	\$ 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
State's proportionate share of the net pension liability (asset) associated with the District	3,869,096	45,351,793	12,229,685	-	16,714,227	21,448,109	-	-	-	-
	<u>\$ 180,322,359</u>	<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>
District's covered payroll	\$ 65,966,609	\$ 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
District's proportionate share of the net pension liability (asset) as a percentage of covered payroll	267.49%	236.06%	186.21%	282.65%	254.22%	322.09%	701%	663%	351%	324%
Plan fiduciary net position as a percentage of the total pension liability	64.7%	61.8%	74.9%	67.0%	64.5%	57.0%	44%	43%	59%	63%

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
DISTRICT CONTRIBUTIONS										
Statutorily required contributions	\$ 13,672,633	\$ 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
Contributions in relation to the statutorily required contributions	<u>(13,672,633)</u>	<u>(13,843,269)</u>	<u>(12,067,857)</u>	<u>(10,705,293)</u>	<u>(10,444,347)</u>	<u>(9,559,382)</u>	<u>(8,916,032)</u>	<u>(8,391,301)</u>	<u>(7,977,683)</u>	<u>(7,240,669)</u>
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	\$ 67,088,483	\$ 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
Contributions as a percentage of covered payroll	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.88%

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

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, 2024

	2023	2022	2021	2020	2019	2018	2017
PROPORTIONATE SHARE OF NET OPEB LIABILITY							
District's proportion of net OPEB liability (asset)	0.5969570656%	0.6491144847%	0.5985455827%	0.5803970899%	0.5763469308%	0.5758063774%	0.5716412205%
District's proportionate share of the net OPEB liability (asset)	\$ 4,260,638	\$ 5,299,883	\$ 5,161,288	\$ 5,515,078	\$ 6,478,128	\$ 7,834,088	\$ 7,429,049
District's covered payroll	\$ 65,966,609	\$ 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	6.46%	8.04%	9.01%	10.28%	12.50%	16.09%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	46.2%	38.6%	39.4%	32.8%	24.5%	17.0%	17.5%

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

	2024	2023	2022	2021	2020	2019	2018
DISTRICT CONTRIBUTIONS							
Statutorily required contributions	\$ 684,306	\$ 692,846	\$ 619,181	\$ 549,276	\$ 549,711	\$ 509,704	\$ 481,715
Contributions in relation to the statutorily required contributions	(684,306)	(692,846)	(619,181)	(549,276)	(549,711)	(509,704)	(481,715)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District covered - employee payroll	\$ 67,088,483	\$ 67,925,750	\$ 60,703,506	\$ 53,849,565	\$ 53,892,399	\$ 49,970,632	\$ 47,224,746
Contributions as a percentage of covered - employee payroll	1.02%	1.02%	1.02%	1.02%	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, 2024

	Budget			Variance with Final Budget Positive (Negative)
REVENUES	Original	Final	Actual	
Local sources				
Property taxes	\$ 6,825,000	\$ 6,704,486	\$ 6,682,845	\$ (21,641)
Specific ownership taxes	440,000	457,886	601,035	143,149
Tuition	25,000	25,000	37,007	12,007
Interest on investments	200,300	200,300	828,120	627,820
Miscellaneous	850,202	877,643	692,043	(185,600)
Total local sources	8,340,502	8,265,315	8,841,050	575,735
State sources				
State equalization and preschool	76,000,000	76,364,292	76,355,844	(8,448)
Special education	4,775,943	4,775,943	4,784,387	8,444
Transportation	947,187	996,084	1,098,145	102,061
Miscellaneous Grants	3,605,304	5,812,127	5,228,775	(583,352)
Total state sources	85,328,434	87,948,446	87,467,151	(481,295)
Federal sources				
Impact aid	33,900,000	42,774,000	42,799,946	25,946
DoD supplemental assistance	2,100,000	2,842,486	2,842,486	0
Carl Perkins Grant	73,962	73,962	53,098	(20,864)
JROTC Grant	135,000	135,000	158,226	23,226
Preschool Program	69,339	69,339	69,339	-
Other federal grants	-	5,000	5,000	-
Total federal sources	36,278,301	45,899,787	45,928,095	28,310
TOTAL REVENUES	\$ 129,947,237	\$ 142,113,548	\$ 142,236,296	\$ 122,748

(Continued)

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budget			Variance with Final Budget Positive (Negative)
EXPENDITURES	Original	Final	Actual	
Instruction				
Salaries	\$ 41,016,572	\$ 41,518,093	\$ 41,024,035	\$ 494,058
Employee benefits	12,749,592	14,287,258	13,639,156	648,102
Purchased Services	1,630,040	1,851,020	1,461,932	389,088
Supplies and materials	2,584,092	2,789,533	2,300,013	489,520
Capital Outlay	316,372	241,372	177,995	63,377
Other	166,083	166,175	171,453	(5,278)
Total	58,462,751	60,853,451	58,774,584	2,078,867
Counselors & SPED support				
Salaries	5,721,328	6,246,921	5,735,526	511,395
Employee benefits	1,815,907	2,367,155	1,923,458	443,697
Purchased Services	424,208	460,208	825,297	(365,089)
Supplies and materials	518,476	519,535	393,006	126,529
Capital Outlay	10,000	10,000	1,701	8,299
Other	10,000	10,000	7,343	2,657
Total	8,499,919	9,613,819	8,886,331	727,488
Curriculum, Media & Staff Development				
Salaries	2,300,830	2,133,853	2,118,384	15,469
Employee benefits	778,937	799,269	741,404	57,865
Purchased Services	432,983	421,781	230,688	191,093
Supplies and materials	91,530	91,530	113,682	(22,152)
Capital Outlay	13,500	13,500	-	13,500
Other	2,500	2,500	1,253	1,247
Total	3,620,280	3,462,433	3,205,411	257,022
Board of Education, Legal, PR & Superintendent				
Salaries	693,963	682,500	683,065	(565)
Employee benefits	315,655	331,872	319,105	12,767
Purchased Services	268,000	268,000	227,732	40,268
Supplies and materials	161,350	161,350	101,011	60,339
Capital Outlay	3,500	3,500	3,524	(24)
Other	80,000	80,000	86,864	(6,864)
Total	1,522,468	1,527,222	1,421,301	105,921
School Administration				
Salaries	6,346,209	6,306,364	6,225,806	80,558
Employee benefits	2,141,383	2,527,076	2,159,007	368,069
Purchased Services	64,041	64,041	73,454	(9,413)
Supplies and materials	141,727	141,727	137,373	4,354
Capital Outlay	14,700	14,700	9,586	5,114
Other	630	630	655	(25)
Total	8,708,690	9,054,538	8,605,881	448,657

(Continued)

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budget			Variance with Final Budget Positive (Negative)
EXPENDITURES	Original	Final	Actual	
Business Support & Internal Operations				
Salaries	\$ 1,046,465	\$ 1,005,500	\$ 986,926	\$ 18,574
Employee benefits	381,676	417,875	372,169	45,706
Purchased Services	157,800	157,800	122,317	35,483
Supplies and materials	75,404	75,404	99,084	(23,680)
Capital Outlay	587,000	587,000	440,854	146,146
Other	(39,500)	(39,500)	(54,872)	15,372
Total	2,208,845	2,204,079	1,966,478	237,601
Operations Maintenance				
Salaries	4,320,753	4,180,333	4,236,807	(56,474)
Employee benefits	1,541,248	1,750,574	1,565,227	185,347
Purchased Services	3,033,121	3,168,121	2,875,735	292,386
Supplies and materials	2,820,076	2,820,076	3,217,775	(397,699)
Capital Outlay	91,761	101,761	69,660	32,101
Other	3,762	3,762	2,086	1,676
Total	11,810,721	12,024,627	11,967,290	57,337
Transportation				
Salaries	3,648,256	3,759,876	3,535,593	224,283
Employee benefits	1,310,074	1,525,000	1,181,180	343,820
Purchased Services	220,500	215,500	200,096	15,404
Supplies and materials	508,169	508,169	509,600	(1,431)
Capital Outlay	15,000	15,000	4,378	10,622
Other	(68,633)	(68,633)	(71,654)	3,021
Total	5,633,366	5,954,912	5,359,193	595,719
Personnel & Information Systems				
Salaries	2,247,319	2,291,832	2,248,832	43,000
Employee benefits	730,321	812,259	739,444	72,815
Purchased Services	2,134,484	2,187,484	2,177,947	9,537
Supplies and materials	115,425	115,425	107,537	7,888
Capital Outlay	22,000	22,000	10,712	11,288
Other	3,350	3,350	42,441	(39,091)
Total	5,252,899	5,432,350	5,326,913	105,437
Community Services				
Salaries	167,548	171,227	123,202	48,025
Employee benefits	48,660	38,980	27,584	11,396
Purchased Services	1,095,000	1,095,000	1,192,510	(97,510)
Supplies and materials	4,442	4,442	73	4,369
Other	-	25,000	-	25,000
Total	1,315,650	1,334,649	1,343,369	(8,720)

(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	\$ 105,000	\$ 105,000	\$ 98,229	\$ 6,771
Interest and fees	7,430	7,430	4,908	2,522
Total	<u>112,430</u>	<u>112,430</u>	<u>103,137</u>	<u>9,293</u>
Reserves				
TABOR	2,825,000	2,925,000	-	2,925,000
Mill Levy Override	150,323	171,113	-	171,113
Multi-year Obligations	456,329	481,529	-	481,529
Contingency	3,691,711	3,033,927	-	3,033,927
Total	<u>7,123,363</u>	<u>6,611,569</u>	<u>-</u>	<u>6,611,569</u>
 TOTAL EXPENDITURES	 <u>114,271,382</u>	 <u>118,186,079</u>	 <u>106,959,888</u>	 <u>11,226,191</u>
 Excess (deficiency) of revenues over expenditures	 <u>15,675,855</u>	 <u>23,927,469</u>	 <u>35,276,408</u>	 <u>11,348,939</u>
OTHER FINANCING SOURCES (USES)				
Transfer to Capital Projects Fund	(2,648,284)	(3,945,763)	(3,945,763)	-
Transfer to Building Fund	(20,600,000)	(25,600,000)	(25,600,000)	-
Proceeds from lease financing	<u>500,000</u>	<u>500,000</u>	<u>428,311</u>	<u>(71,689)</u>
 Total other financing sources (uses)	 <u>(22,748,284)</u>	 <u>(29,045,763)</u>	 <u>(29,117,452)</u>	 <u>(71,689)</u>
 Net change in fund balance	 (7,072,429)	 (5,118,294)	 6,158,956	 11,277,250
 Fund balance, beginning	 <u>7,072,429</u>	 <u>5,118,294</u>	 <u>5,118,294</u>	 <u>-</u>
 Fund balance, end of year	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 11,277,250</u>	 <u>\$ 11,277,250</u>

See accompanying independent auditors' report.

Other Supplementary Information

EL PASO COUNTY SCHOOL DISTRICT NO. 8
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Food Service Fund	Designated Purpose Grants Fund	Pupil Activity Fund	Capital Projects Fund	Totals
ASSETS					
Cash and investments	\$ 2,580,051	\$ 199,415	\$ 609,233	\$ 1,728,292	\$ 5,116,991
Intergovernmental receivables	493,553	120,441	-	-	613,994
Accounts receivable	298	-	3,853	-	4,151
Internal balances	1,500	-	-	-	1,500
Prepaid expenditures	229,196	-	-	64,271	293,467
Inventories	63,013	-	-	-	63,013
TOTAL ASSETS	\$ 3,367,611	\$ 319,856	\$ 613,086	\$ 1,792,563	\$ 6,093,116
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 118,133	\$ 9,161	\$ 28,032	\$ 28,954	\$ 184,280
Accrued salaries and benefits	-	299,731	-	-	299,731
Accrued liabilities	-	-	-	-	-
Intergovernmental accounts payable	-	-	-	-	-
Due to other funds	-	3,317	-	-	3,317
Unearned revenues	1,442	7,647	-	400,400	409,489
TOTAL LIABILITIES	119,575	319,856	28,032	429,354	896,817
FUND BALANCE					
Nonspendable					
Inventories	63,013	-	-	-	63,013
Prepaid expenditures	229,196	-	-	64,271	293,467
Restricted					
BEST Grant capital renewal reserve	-	-	-	184,000	184,000
Assigned					
Food service	2,955,827	-	-	-	2,955,827
Pupil Activities	-	-	585,054	-	585,054
Capital projects	-	-	-	1,114,938	1,114,938
TOTAL FUND BALANCE	3,248,036	-	585,054	1,363,209	5,196,299
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,367,611	\$ 319,856	\$ 613,086	\$ 1,792,563	\$ 6,093,116

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, 2024

	Food Service Fund	Designated Purpose Grants Fund	Pupil Activity Fund	Capital Projects Fund	Totals
REVENUES					
Local sources	\$ 320,125	\$ -	\$ 1,192,766	\$ 94,962	\$ 1,607,853
State sources	2,007,142	-	-	-	2,007,142
Federal sources	3,155,747	4,252,391	-	-	7,408,138
TOTAL REVENUES	5,483,014	4,252,391	1,192,766	94,962	11,023,133
EXPENDITURES					
Current					
Instruction	-	2,702,662	1,175,679	1,322,281	5,200,622
Instructional support	-	1,498,402	-	-	1,498,402
Administration	-	-	-	-	-
Central Support Services	-	20,964	-	2,071,521	2,092,485
Community and food services	4,645,248	30,363	-	-	4,675,611
Capital outlay	-	-	-	-	-
Debt Service					
Principal retirement	-	-	-	323,332	323,332
Interest and fees	-	-	-	15,474	15,474
TOTAL EXPENDITURES	4,645,248	4,252,391	1,175,679	3,732,608	13,805,926
Excess (deficiency) of revenues over expenditures	837,766	-	17,087	(3,637,646)	(2,782,793)
OTHER FINANCING SOURCES					
Transfers in	-	-	-	3,945,763	3,945,763
TOTAL OTHER FINANCING SOURCES	-	-	-	3,945,763	3,945,763
Net change in fund balance	837,766	-	17,087	308,117	1,162,970
Fund balance, beginning of year	2,410,270	-	567,967	1,055,092	4,033,329
Fund balance, end of year	<u>\$ 3,248,036</u>	<u>\$ -</u>	<u>\$ 585,054</u>	<u>\$ 1,363,209</u>	<u>\$ 5,196,299</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, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 270,000	\$ 330,000	\$ 320,125	\$ (9,875)
State sources	1,720,000	1,880,409	2,007,142	126,733
Federal sources	2,394,000	3,305,441	3,155,747	(149,694)
 TOTAL REVENUES	 4,384,000	 5,515,850	 5,483,014	 (32,836)
EXPENDITURES				
Salaries	58,250	55,500	50,854	4,646
Employee benefits	26,750	13,000	11,746	1,254
Purchased Services	2,052,116	2,325,850	2,114,754	211,096
Supplies	2,181,500	2,571,500	2,342,894	228,606
Equipment	400,000	400,000	-	400,000
Other	150,000	150,000	125,000	25,000
Contingency	1,588,320	2,410,270	-	2,410,270
 TOTAL EXPENDITURES	 6,456,936	 7,926,120	 4,645,248	 3,280,872
 Excess (deficiency) of revenues over expenditures	 (2,072,936)	 (2,410,270)	 837,766	 3,248,036
 Fund balance, beginning of year	 2,072,936	 2,410,270	 2,410,270	 -
 Fund balance, end of year	 \$ -	 \$ -	 \$ 3,248,036	 \$ 3,248,036

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, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal sources	\$ 4,126,475	\$ 4,285,967	\$ 4,252,391	\$ (33,576)
 TOTAL REVENUES	 4,126,475	 4,285,967	 4,252,391	 (33,576)
EXPENDITURES				
Salaries	2,787,188	2,820,690	2,901,059	(80,369)
Employee benefits	952,725	983,127	980,449	2,678
Purchased Services	287,322	387,982	289,625	98,357
Supplies	88,740	86,768	73,376	13,392
Equipment	-	-	-	-
Other	10,500	7,400	7,882	(482)
 TOTAL EXPENDITURES	 4,126,475	 4,285,967	 4,252,391	 33,576
 Net change in fund balance	 -	 -	 -	 -
 Fund balance, beginning of year	 -	 -	 -	 -
 Fund balance, end of year	 \$ -	 \$ -	 \$ -	 \$ -

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
PUPIL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUE				
Local sources	\$ 1,086,300	\$ 1,237,500	\$ 1,192,766	\$ (44,734)
EXPENDITURES				
Purchased Services	-	-	-	-
Supplies	1,338,270	1,487,500	1,175,622	311,878
Other	-	-	57	(57)
Contingency	250,000	317,967	-	317,967
TOTAL EXPENDITURES	1,588,270	1,805,467	1,175,679	629,788
Excess (deficiency) of revenues over expenditures	(501,970)	(567,967)	17,087	585,054
OTHER FINANCING SOURCES				
Transfer from the General Fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-
Net change in fund balance	(501,970)	(567,967)	17,087	585,054
Fund balance, beginning of year	501,970	567,967	567,967	-
Fund balance, end of year	\$ -	\$ -	\$ 585,054	\$ 585,054

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 375,000	\$ 1,115,000	\$ 1,166,772	\$ 51,772
Federal Sources	-	1,115,576	1,114,876	(700)
TOTAL REVENUES	375,000	2,230,576	2,281,648	51,072
EXPENDITURES				
Current				
Salaries and benefits	197,130	197,130	207,157	(10,027)
Capital outlay				
Facilities acquisition and construction	20,081,000	22,950,000	18,282,485	4,667,515
Debt service				
Principal	1,625,000	1,625,000	1,625,000	-
Interest and fees	1,329,677	1,329,677	1,329,676	1
Debt issuance costs	-	-	-	-
Contingency	21,289,827	24,135,408	-	24,135,408
TOTAL EXPENDITURES	44,522,634	50,237,215	21,444,318	28,792,897
Excess (deficiency) of revenues over expenditures	(44,147,634)	(48,006,639)	(19,162,670)	28,843,969
OTHER FINANCING SOURCES				
Proceeds of Financing	-	-	-	-
Transfer from the General Fund	20,600,000	25,600,000	25,600,000	-
TOTAL OTHER FINANCING SOURCES	20,600,000	25,600,000	25,600,000	-
Net change in fund balance	(23,547,634)	(22,406,639)	6,437,330	28,843,969
Fund balance, beginning of year	23,547,634	22,406,639	22,406,639	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,843,969</u>	<u>\$ 28,843,969</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, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 15,000	\$ 96,397	\$ 94,962	\$ (1,435)
State sources	-	375,000	-	(375,000)
TOTAL REVENUES	15,000	471,397	94,962	(376,435)
EXPENDITURES				
Purchased Services	1,590,500	1,581,500	1,339,062	242,438
Capital Outlay	1,337,019	2,819,148	2,054,740	764,408
Debt Service				
Principal	318,487	318,487	323,332	(4,845)
Interest and fees	20,318	20,318	15,474	4,844
Contingency	223,645	732,799	-	732,799
TOTAL EXPENDITURES	3,489,969	5,472,252	3,732,608	1,739,644
Excess (deficiency) of revenues over expenditures	(3,474,969)	(5,000,855)	(3,637,646)	1,363,209
OTHER FINANCING SOURCES				
Proceeds from lease financing	-	-	-	-
Transfer from the General Fund	2,648,284	3,945,763	3,945,763	-
TOTAL OTHER FINANCING SOURCES	2,648,284	3,945,763	3,945,763	-
Net change in fund balance	(826,685)	(1,055,092)	308,117	1,363,209
Fund balance, beginning of year	826,685	1,055,092	1,055,092	-
Fund balance, end of year	\$ -	\$ -	\$ 1,363,209	\$ 1,363,209

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, 2024

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			\$ -	\$ 43,914,822
Title VI	Indian Education	84.060			-	12,511
Total Direct Programs					-	43,927,333
Passed through Colorado Department of Education						
Title I	Title I	84.010		4010	-	1,489,180
	Special Education Cluster					
IDEA	Special Education	84.027		4027	-	1,573,255
IDEA	Special Education Preschool	84.173		4173	-	69,339
Total Special Education Cluster					-	1,642,594
Title II-A	Supporting Effective Instruction	84.367		4367	-	299,353
Title III	English Language Acquisition (ELL)	84.365A		4365	-	25,926
Title IV-A	Student Support and Academic Enrichment	84.424A		4424	-	26,538
Education Stabilization Fund						
	American Rescue Plan (ARP) ESSER III	84.425U	COVID-19	4414, 4418	-	618,067
	American Rescue Plan (ARP) HCY I & II	84.425W	COVID-19	8425, 8426	-	105,784
Title X	Education for Homeless Children and Youth (HCY)	84.196A		5196	-	75,000
	CDC Nursing Workforce	93.354		7354	-	5,000
Total Passed through Colorado Department of Education					-	4,287,442
Passed through Colorado Community College System						
	Career and Technical Education (CTE)	84.048		4048	-	53,098
Total U.S. Department of Education					-	48,267,873
U.S. Department of Agriculture						
Child Nutrition Cluster						
Passed through Colorado Department of Human Services						
	Food Donation (commodities)	10.555		4555	-	300,542
Passed through Colorado Department of Education						
	School Breakfast Program	10.553		4553	-	628,287
	National School Lunch Program	10.555		4555, 6555	-	2,091,882
	Special Milk Program for Children	10.556		4556	-	7,456
	Summer Food Service Program (SFSP) for Children	10.559		4559	-	41,577
Total Child Nutrition Cluster					-	3,069,744
Total U.S. Department of Agriculture					-	3,069,744
U.S. Department of Defense						
Direct Programs						
	Junior ROTC	12.000			-	158,226
	DOD Impact Aid	12.558			-	2,842,486
	Promoting K-12 Student Achievement at Military Connected Schools	12.556			-	26,777
Total U.S. Department of Defense					-	3,027,490
Total Federal Awards					\$ -	\$ 54,365,107

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

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, 2024. 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, 2024, there are no negative amounts on the schedule.

Pass-through entity identifying numbers are presented where available. For the year ended June 30, 2024, 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, 2024, El Paso County School District No. 8 received \$300,542 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, 2024, 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 18, 2024.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

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 18, 2024



**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, 2024. 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, 2024.

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 18, 2024

**EL PASO COUNTY SCHOOL DISTRICT NO. 8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs?

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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CFDA 84.041	Impact Aid (Title VII of ESEA)
CFDA 84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs?	\$1,630,953
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Auditee qualified as low-risk auditee?	☒ yes ☐ no
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EL PASO COUNTY SCHOOL DISTRICT NO. 8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Section II—Financial Statement Findings

2024-001 Procurement of Food Service Equipment

Criteria: The District requires that proof of receipt for purchased property and equipment be provided to the finance office prior to final payment for such property and equipment. The District applies the federal simplified acquisition threshold for purchases between \$10,000 and \$250,000.

Condition: We noted that the District purchased as significant amount of equipment related to food service operation and paid the entire balance of the contract prior to receiving the equipment. The equipment was paid for in September of 2023 and the District has yet to receive it.

Cause: Lack of review of support showing that equipment was received prior to payment.

Effect: The District is evaluating whether or not it will receive the equipment ordered. The District has determined that recovery of the funds paid is unlikely.

Recommendation: We recommend that management ensure that the District is following its already established policies and ensure that goods are delivered before final payment is remitted.

Management response: Management will review procurement procedures and will ensure that the review process is worked .

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, 2024**

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, 2023. 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, 2024 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.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2024

2024-001 Procurement of Food Service Equipment

Criteria: The District requires that proof of receipt for purchased property and equipment be provided to the finance office prior to final payment for such property and equipment. The District applies the federal simplified acquisition threshold for purchases between \$10,000 and \$250,000.

Condition: We noted that the District purchased as significant amount of equipment related to food service operation and paid the entire balance of the contract prior to receiving the equipment. The equipment was paid for in September of 2023 and the District has yet to receive it.

Management response: Management will review procurement procedures and will ensure that the review process is worked .

Responsibility for Corrective Action: Joanne Vergunst, Assistant Superintendent of Business

Anticipated Completion Date: Fall of 2024

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, 2024, which collectively comprise El Paso County School District No. 8's basic financial statements, and our report thereon dated November 18, 2024, which expressed an unmodified opinion on those financial statement, appears as listed in the table of contents.

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

Hoelting & Company Inc.

Colorado Springs, Colorado
November 18, 2024



Colorado Department of Education
Auditors Integrity Report
District: 1000 - Fountain 8
Fiscal Year 2023-24
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	5,048,582	111,293,489	105,068,706	11,273,365
18 Risk Mgmt Sub-Fund of General Fund	69,712	1,825,355	1,891,183	3,885
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	5,118,294	113,118,845	106,959,889	11,277,250
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	2,410,270	5,483,014	4,645,248	3,248,036
22 Govt Designated-Purpose Grants Fund	1	4,252,391	4,252,391	1
23 Pupil Activity Special Revenue Fund	567,967	1,192,766	1,175,679	585,054
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	22,406,639	27,881,648	21,444,318	28,843,969
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,055,092	4,040,725	3,732,608	1,363,209
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	31,558,262	155,969,390	142,210,134	45,317,518
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