EL PASO COUNTY SCHOOL DISTRICT NO. 8

FINANCIAL STATEMENTS
With Independent Auditors' Report

Year Ended June 30, 2026

EL PASO COUNTY SCHOOL DISTRICT NO. 8

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Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2026 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, 2026 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 combining and individual fund statements and schedules 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 combining and individual fund statements and schedules 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 October 30, 2026 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
October 30, 2026


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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial activities of El Paso County Colorado School District 8 for the fiscal year ended June 30, 2026. This discussion is intended to assist readers in understanding the District's financial statements by highlighting significant financial results, explaining changes in the District's financial position, and providing context for the information presented in the financial statements.

This discussion should be read in conjunction with the District's basic financial statements, notes to the financial statements, and required supplementary information. Together, these sections provide a comprehensive view of the District's financial condition, financial performance, and stewardship of the public resources entrusted to the District.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements provide a broad overview of the District's financial position and activities and present information about the District as a whole. These statements report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and changes in net position using the accrual basis of accounting. Governmental activities include the primary services provided by the District, such as instruction, student support services, instructional support, administration, operations and maintenance, transportation, food services, and other programs that support student learning. These activities are financed primarily through local property taxes, specific ownership taxes, state funding, impact aid, federal and state grants, and other local revenues.

Governmental Fund Financial Statements

The governmental fund financial statements provide a more detailed view of the District's financial activities by reporting information for individual funds. Unlike the government-wide financial statements, governmental fund statements focus on current financial resources and the near-term inflows and outflows of spendable resources. These statements help readers assess the District's ability to finance current operations and meet upcoming obligations. The District's major governmental funds include the General Fund and Building Fund. Other governmental funds are presented collectively as nonmajor governmental funds.

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to understanding the data presented in both the government-wide and governmental fund financial statements. The notes explain accounting policies, significant balances, commitments, and other matters necessary for a comprehensive understanding of the District's financial position and results of operations.

In addition to the basic financial statements and accompanying notes, this report includes required supplementary information and other supplementary information that provide further detail regarding the District's budgetary performance, pension and other postemployment benefit plans, and other financial and operational matters.

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this reporting model, all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses are reported regardless of when cash is received or paid.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. These statements emphasize current financial resources available to finance the District's operations and therefore do not report certain long-term assets and liabilities that are included in the government-wide financial statements.

- *Assets*— Assets represent resources owned or controlled by the District that are expected to provide future economic benefit or service potential. These include cash and investments, receivables, capital assets, and other resources available to support educational operations.
- *Liabilities*— Liabilities represent the District's present obligations resulting from prior events. These include accounts payable, accrued salaries and benefits, long-term debt, lease obligations, compensated absences, pension liabilities, and other commitments.
- *Deferred outflows of resources and deferred inflows of resources*—Deferred outflows and deferred inflows of resources represent the consumption or acquisition of net assets that apply to future reporting periods. These balances primarily relate to pension and other postemployment benefit (OPEB) reporting requirements, refunding's of debt, and other transactions prescribed by governmental accounting standards.
- *Revenues and expenses*—Revenues represent inflows of resources received or earned during the fiscal year. Expenses represent the cost of providing educational programs, instructional support, student services, administrative operations, transportation, food service, and other governmental activities during the reporting period.

Although governmental funds do not report long-term assets and liabilities, they provide valuable information regarding the District's short-term financial position, available resources, and budgetary performance. Together, the government-wide and governmental fund financial statements provide District leadership, the Board of Education, taxpayers, and other stakeholders with a comprehensive understanding of the District's financial condition.

Types of Information Reported in the District 8 Financial Statements

	Financial Statements	
	Government-Wide	**Governmental Fund**
Types of assets and liabilities	All assets and liabilities, both financial and nonfinancial, short term and long term	Only current financial resources, such as cash, taxes receivable, and accounts payable
Types of revenues and additions	All types of revenues and additions that flow into the government during the year that relate to that year, regardless of when cash is received	Only revenues that are measurable and available to finance expenditures of that year
Types of expenses, deductions, and expenditures	All types of expenses, deductions, and expenditures that flow out of the government during the year that relate to that year, regardless of when cash is paid	Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	All types of resources that flow into and out of the government during the year that relate to a future year	Current financial resources that flow into and out of the governmental funds during the year that relate to a future year

More details about the measurement focuses and bases of accounting can be found in note 2 to financial statements, the summary of significant accounting policies.

Analysis of the District's Financial Position

The Statement of Net Position provides a long-term perspective of the District's financial position by reporting all assets, deferred outflows of resources, liabilities, and deferred inflows of resources at June 30, 2026. These statements are intended to help readers evaluate the District's overall financial condition rather than its short-term operating position.

District leadership evaluates financial performance using both the government-wide financial statements and the governmental fund financial statements. While changes in net position provide one measure of financial health, they should be considered alongside the District's fund balances, budgetary performance, capital investments, and long-term financial obligations to gain a comprehensive understanding of the District's financial condition.

The below table summarizes the District's net position at June 30, 2026, compared with June 30, 2025. The most significant changes during the year are discussed following the table.

Net Position

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Current and other assets	$ 38,882,446	$ 43,800,934	-11.2%
Capital assets, net	291,451,229	285,883,190	1.9%
Total assets	330,333,675	329,684,124	0.2%
Deferred outflows of resources	21,791,749	29,974,135	-27.3%
Other liabilities	13,752,061	16,581,160	-17.1%
Long-term liabilities	179,531,895	195,167,157	-8.0%
Total liabilities	193,283,956	211,748,317	-8.7%
Deferred inflows of resources	25,593,638	13,730,918	86.4%
Net position			
Net investment in capital assets	259,670,229	251,852,183	3.1%
Restricted	3,949,092	3,853,175	2.5%
Unrestricted	(130,371,491)	(121,526,334)	7.3%
Total net position	$133,247,830	$134,179,024	-0.7%

Statement of Net Position

The District's financial position continued to reflect responsible stewardship of public resources and prudent long-term financial planning. Total assets and deferred outflows of resources continue to provide the resources necessary to support instructional programs, student services, and District operations, while liabilities and deferred inflows reflect both current obligations and long-term accounting requirements.

The largest component of the District's net position is its investment in capital assets, including land, buildings, improvements, equipment, and infrastructure, net of related debt. These assets support the District's educational mission by providing safe and effective learning environments for students throughout the community.

Restricted net position consists of resources that are legally or externally restricted for specific purposes, including debt service, capital improvements, grants, and other designated programs. These resources are available only for their intended purposes and demonstrate the District's continued compliance with statutory and grant requirements.

Unrestricted net position continues to be significantly affected by the District's required recognition of its proportionate share of the Colorado Public Employees' Retirement Association (PERA) net pension liability and the related Other Postemployment Benefits (OPEB) liability. These accounting requirements, established under GASB Statements No. 68 and No. 75, are long-term obligations that do not require the use of current financial resources. As a result, the District believes the governmental fund financial statements provide important additional context when evaluating the District's overall financial condition.

Overall, the District's financial position reflects continued financial stability, responsible stewardship of taxpayer resources, and a commitment to balancing current operational needs with long-term financial sustainability.

Statement of Governmental Activities

The Statement of Governmental Activities reports how the District's financial position changed during fiscal year 2026 by presenting all revenues and expenses using the accrual basis of accounting. Unlike the governmental fund financial statements, which focus on current financial resources, the Statement of Activities provides a long-term perspective of the cost of providing educational services and the extent to which those costs were financed by program revenues and general revenues.

Governmental activities reported a change in net position of $931,194, approximately 0.7%, during fiscal year 2026. Total governmental activities net position decreased from $134,179,024 at June 30, 2025, to $133,247,830 on June 30, 2026. The District's financial position continued to reflect responsible stewardship of public resources and prudent long-term financial planning. Total assets and deferred outflows of resources continue to provide the resources necessary to support instructional programs, student services, and District operations, while liabilities and deferred inflows reflect both current obligations and long-term accounting requirements.

The largest component of the District's net position continues to represent its investment in capital assets, including land, buildings, improvements, equipment, and infrastructure, net of related debt. These assets support the District's educational mission by providing safe and effective learning environments for students throughout the community.

During fiscal year 2026, total governmental activities revenues were $153,016,013, while total governmental activities expenses were $153,947,207. General revenues totaled $133,464,791, representing 87.22% of total governmental activities revenues, while program revenues totaled $19,551,222, or 12.78% of total revenues. In comparison, fiscal year 2025 general revenues totaled $133,694,497, or 86.78% of total revenues, while program revenues totaled $20,369,917, or 13.22% of total revenues. The consistency in general revenues, combined with prudent financial management, contributed to the minimal change in net position during fiscal year 2026.

District leadership continued to focus on balancing current operational needs with long-term financial sustainability while investing in instructional programs, student support services, employee compensation, and facility operations. Throughout the year, financial decisions remained aligned with the District's strategic priorities and commitment to responsible stewardship of public resources.

Changes in Net Position

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Revenues			
Program Revenues:			
Charges for services	$ 410,682	$ 356,192	15.3%
Operating grants and contributions	19,134,451	18,180,619	5.2%
Capital grants and contributions	6,089	1,833,106	-99.7%
General revenues:			
Property and specific owenrship taxes	9,288,793	7,660,649	21.3%
State equalization and UPK funding	79,857,903	82,010,680	-2.6%
Impact Aid	41,112,011	40,044,409	2.7%
Other Revenue	1,624,202	1,651,096	-1.6%
Earnings on investments	1,581,882	2,327,663	-32.0%
Total revenues	153,016,013	154,064,414	-0.7%
Expenses			
Instruction	79,515,037	71,765,679	10.8%
Instructional supporting services	19,384,238	16,251,518	19.3%
Administration	12,224,281	11,109,970	10.0%
Supporting services	33,431,117	31,445,097	6.3%
Community services	8,193,844	7,956,947	3.0%
Interest and fiscal charges	1,198,690	1,258,862	-4.8%
Total Expenses	153,947,207	139,788,073	10.1%
Change in net position	(931,194)	14,276,341	-106.5%
Net position - beginning	134,179,024	119,902,683	11.9%
Net position - ending	$ 133,247,830	$ 134,179,024	-0.7%

The District's governmental activities continue to be supported primarily through general revenues, including local property taxes, specific ownership taxes, Impact Aid, and state equalization funding received through the Colorado School Finance Act and the Federal government. These revenues provide the financial flexibility necessary to support instructional programs, student services, operations, and other District priorities that are not fully funded through program-specific revenues.

Program revenues, including operating grants, charges for services, and restricted contributions, offset a portion of the cost of specific educational programs; however, they do not fully fund the District's governmental activities. As a result, general revenues remain the primary source of financial support for District operations.

Overall, governmental activities during fiscal year 2026 reflected continued financial stability despite ongoing economic pressures affecting public education. District leadership continued to evaluate available resources, changing enrollment trends, inflationary impacts, and long-term obligations while maintaining a commitment to responsible financial stewardship and long-term sustainability.

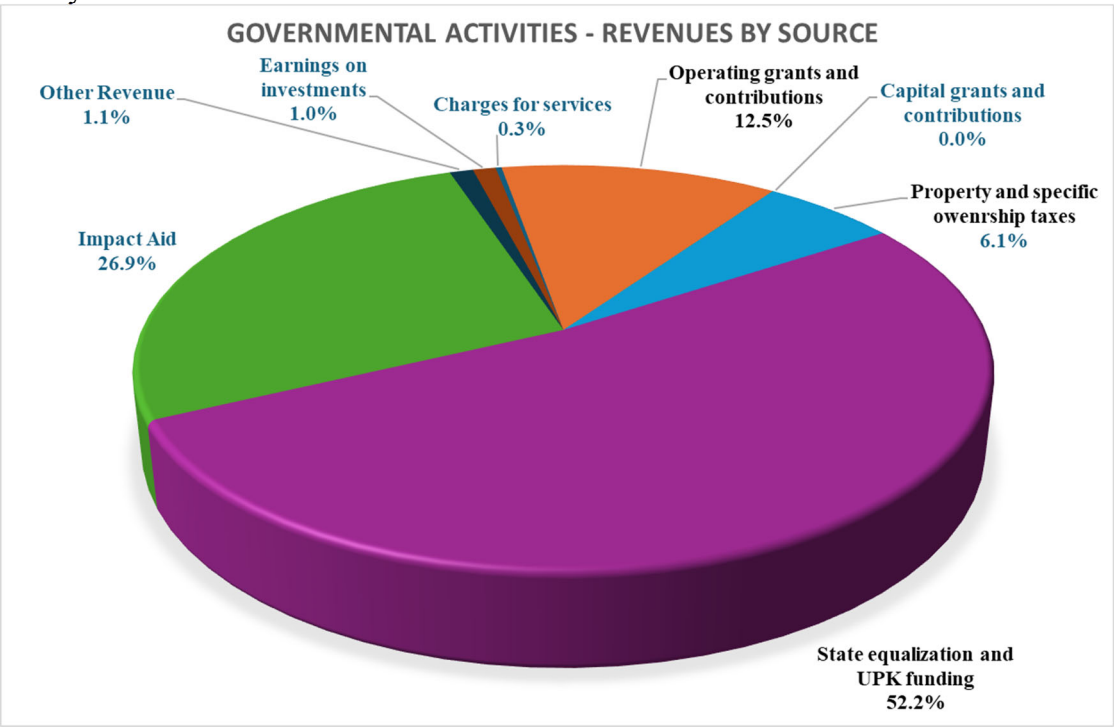
Revenues

District 8's governmental activities are financed primarily through local property taxes, state equalization, and funding received under the Colorado School Finance Act, as well as impact aid, specific ownership taxes, grants, and other local revenues. These revenue sources provide the financial foundation necessary to support instructional programs, student services, transportation, operations, and other educational services throughout the District.

For fiscal year 2026, total governmental activities revenues were approximately $153 million, a decrease of approximately $1 million from fiscal year 2025. General revenues totaled approximately $133.4 million, representing 87.22 percent of total governmental revenues, while program revenues totaled approximately $19.5 million, or 12.78 percent of total governmental revenues. This relationship is consistent with the district's funding model, where unrestricted revenues support many educational programs and operations.

Property taxes continue to represent one of the District's largest local revenue sources and reflect continued growth in assessed valuation within the District's boundaries. Impact Aid remains a significant source of revenue, providing financial support due to the presence of federally connected students and tax-exempt federal property within the District. State equalization funding is another major revenue source and is determined under Colorado's school finance formula. Because state funding is calculated in conjunction with local property tax collections, increases or decreases in local revenues may affect the State's share of funding while generally maintaining the District's overall formula funding level.

Operating grants, charges for services, and other restricted revenues continue to provide essential funding for targeted educational programs and services. However, total grant revenues declined in FY 2026 due to lower capital grants and contributions, primarily due to not receiving any Impact Aid Construction grants. Despite this decrease, the District continues to rely on a balanced combination of local, state, and federal revenue sources to sustain educational programs, meet operational needs, and support long-term financial stability.



Operating grants and contributions

Program revenues totaled $19,551,222 during fiscal year 2026, a decrease of $818,695 (4.02%) from $20,369,917 reported in fiscal year 2025. Program revenues consisted primarily of charges for services of $410,682, operating grants and contributions of $19,134,451, and capital grants and contributions of $6,089. Program revenues represented 12.78% of total governmental activities revenues in fiscal year 2026, compared with 13.22% in fiscal year 2025.

Operating grants and contributions increased from the prior year. These revenues continued to provide significant financial support for instructional programs, nutrition services, special education, and other targeted educational initiatives. Charges for services increased from the prior year, partially offsetting the decline in grant revenues and continuing to support specific District programs and services.

Revenue Trends

Property taxes, specific ownership taxes, and School Finance Act revenue continued to provide the primary financial support for District operations. During fiscal year 2026, the District received approximately $153 million in general revenues, a decrease from $154 million in fiscal year 2025. The changes in the Colorado's school finance formula, and declining pupil enrollment contributed to the overall decrease in governmental activities revenues. General revenues represented approximately 87.22 percent of total governmental activities revenues during fiscal year 2026.

District leadership continues to monitor assessed valuation, enrollment trends, legislative changes, and statewide school finance funding when developing long-term financial plans. Maintaining a balanced and diversified revenue structure remains an important component of the District's commitment to responsible stewardship and long-term financial sustainability

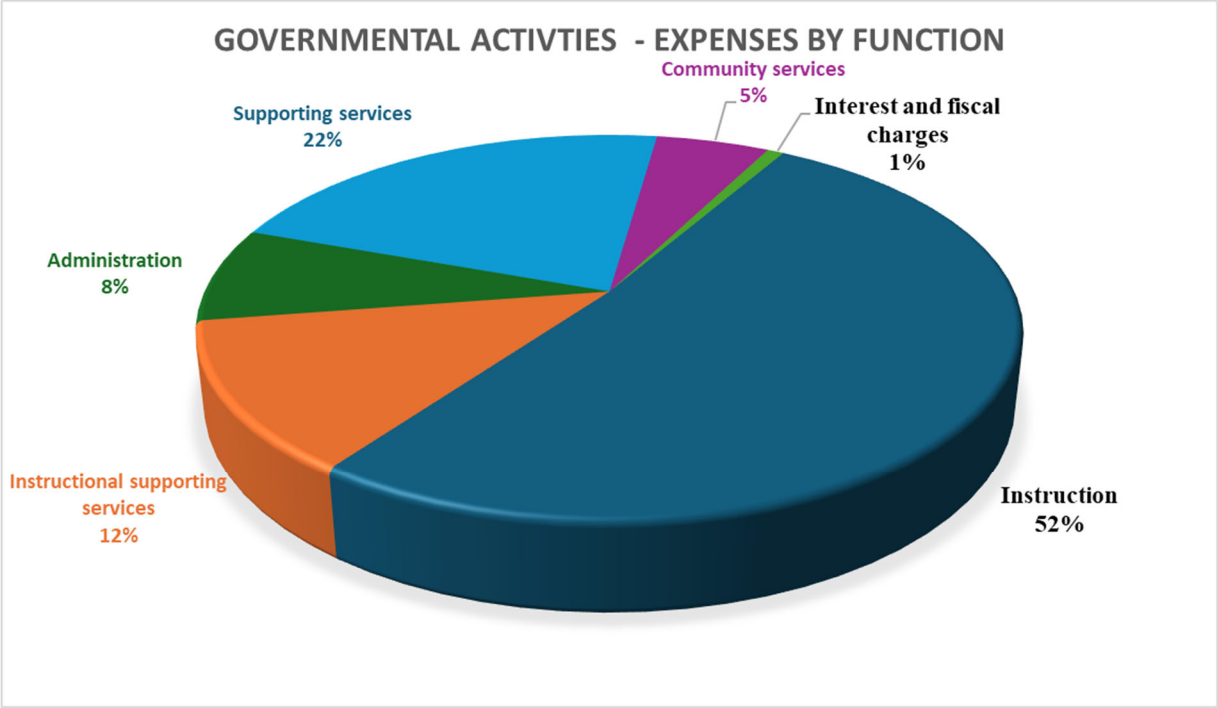
State equalization/Per pupil revenue

State equalization funding continues to be one of District 8's largest sources of governmental revenue and is distributed in accordance with the Colorado School Finance Act. Together with local property taxes and specific ownership taxes, state equalization funding provides the primary financial support for the District's instructional programs and day-to-day operations.

During fiscal year 2026, the District received approximately $79.8 million in School Finance Act revenue, compared with approximately $82 million during fiscal year 2025, a decrease of approximately $2.1 million (2.6%). The decrease reflects declining enrollment, and annual legislative funding decisions.

Because Colorado's school finance formula is designed to balance local and state funding, increases in local property tax collections may reduce the State's share of formula funding while maintaining the District's overall total program funding. As a result, District leadership evaluates both local and state revenue sources together when developing long-term financial plans and annual operating budgets.

The District continues to monitor legislative actions affecting school finance, enrollment trends, and changes in assessed valuation to ensure the District remains well positioned to provide high-quality educational services while maintaining long-term fiscal sustainability.



Expenditure Analysis

Total governmental activities expenses were $153.9 million during fiscal year 2026, compared with $139.7 million in fiscal year 2025, an increase of approximately $14.1 million, or 10.1 percent. The increase reflects the District's continued investment in instructional programs, employee compensation, student support services, and facility operations while maintaining overall fiscal stability.

Instruction remained the District's largest functional expense, totaling approximately $79.5 million, or 51.6 percent of total governmental activities expenses, compared with $71.7 million in fiscal year 2025. This increase reflects the District's continued emphasis on classroom instruction and direct educational services for students.

Supporting services, including student support, instructional support, school administration, business services, operations and maintenance, transportation, and central services, continued to represent a significant portion of the District's overall expenditures. These services provide the operational infrastructure necessary to support instruction and maintain safe, effective learning environments throughout the District.

District leadership continues to evaluate expenditures to ensure financial resources are aligned with the Board of Education's strategic priorities while maintaining responsible stewardship of taxpayer resources and supporting the educational needs of students across both District-operated schools and authorized charter schools.

Interest on Long Term Debt

Interest and fiscal charges totaled approximately $1.2 million during fiscal year 2026, compared with approximately $1.2 million during fiscal year 2025, reflecting the District's continued management of its outstanding Certificates of Participation and other long-term obligations. Debt service costs remain a relatively small portion of the District's overall governmental activities expenses while continuing to support long-term investments in educational facilities and infrastructure.

The District continues to manage its long-term obligations with an emphasis on maintaining financial flexibility while meeting current and future facility needs. Throughout fiscal year 2026, the District continued to evaluate capital financing needs, debt service requirements, and opportunities to maximize taxpayer resources through prudent financial planning.

Although long-term debt is an important financing tool for capital improvements, the District remains committed to balancing investments in facilities with responsible debt management practices that support long-term financial sustainability.

Net position and GASB 68 (pensions) and GASB 75 (OPEB)

District 8 participates in the Colorado Public Employees' Retirement Association (PERA) pension plan and the Health Care Trust Fund (OPEB), both of which are administered by the State of Colorado. In accordance with GASB Statements No. 68 and No. 75, the District is required to report its proportionate share of the net pension liability, net OPEB liability, and the related deferred inflows and deferred outflows of resources on the government-wide financial statements.

At June 30, 2026, the District reported a net pension liability of $142,934,739 and a net OPEB liability of $1,579,620. The District also reported deferred outflows of resources related to pensions and OPEB totaling $21,791,749 and deferred inflows of resources totaling $25,593,638 related to these plans. These balances are determined by actuarial valuations and allocation methodologies prescribed by GASB and are not obligations that require payment from current financial resources.

Because these accounting standards require the recognition of long-term actuarially determined liabilities, the District's unrestricted net position appears significantly lower than would otherwise be expected. The District believes it is important for readers to consider both the government-wide financial statements and the governmental fund financial statements when evaluating the District's financial condition, as the governmental funds focus on current financial resources available to provide educational services.

The District continues to make all statutorily required contributions to PERA as required by Colorado law. Management of the pension and OPEB plans, including actuarial assumptions and investment performance, remains the responsibility of PERA and is outside the direct control of the District.

The following table shows a summarized comparison of net position without PERA and OPEB related items.

Net Position Excluding Pension and OPEB Related Items

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Total net position	$ 133,247,830	$ 134,179,024	-0.7%
Add net pension liability	142,934,739	155,428,173	-8.0%
Add OPEB liability	1,579,620	2,757,735	-42.7%
Add deferred pension inflows	23,510,819	11,703,856	100.9%
Add deferred OPEB inflows	2,082,819	2,027,062	2.8%
Less deferred pension outflows	(21,071,827)	(29,167,654)	-27.8%
Less deferred OPEB outflows	(719,922)	(806,481)	-10.7%
Total net position excluding pension and OPEB related items	$ 281,564,078	$ 276,121,715	2.0%

Other changes in net position

The District reported a decrease in governmental activities net position of $931,194 during fiscal year 2026, compared with an increase of $14,276,341 during fiscal year 2025. The overall change in net position reflects the combined impact of operating results, capital asset activity, debt service, and the annual recognition of pension and OPEB related accounting adjustments required under GASB Statements No. 68 and No. 75.

The governmental fund financial statements provide additional context for understanding the District's financial performance because they focus on current financial resources available to support operations. During fiscal year 2026, governmental funds reported a decrease in combined fund balances of $2,314,805, reflecting planned expenditures for District operations, capital improvements, and debt service. These differences between the governmental fund financial statements and the government-wide financial statements are expected because each presentation uses a different measurement focus and basis of accounting.

The District continues to evaluate financial performance using both perspectives to ensure that current operating decisions support the District's long-term financial sustainability while maintaining appropriate resources to serve students and the community.

GOVERNMENTAL FUNDS

While the government-wide financial statements provide a long-term perspective of the District's financial position, governmental fund financial statements focus on current financial resources available to support the District's day-to-day operations. These statements provide valuable information regarding the District's ability to finance current programs, meet financial obligations, and maintain sufficient resources for future operations.

District 8 uses governmental funds to account for resources that are restricted, committed, assigned, or otherwise designated for specific purposes. The District's governmental funds include the General Fund and other funds that support debt service, capital improvements, food service operations, transportation, grant-funded programs, and other educational activities. Together, these funds provide important insight into the District's current financial position and the resources available to support its mission.

The below table summarizes the financial activity of the District's governmental funds for fiscal years 2026 and 2025.

Revenues, Expenditures, and Changes in Fund Balances

	General Fund		Building Fund		Non Major Funds	
	2026	2025	2026	2025	2026	2025
Revenues						
Local sources	$ 11,356,224	$ 9,556,992	$ 214,736	$ 1,056,071	$ 1,622,828	$ 1,739,835
State sources	89,400,345	90,975,004	-	-	2,190,766	2,465,907
Federal sources	41,403,553	40,322,751	-	974,857	6,259,130	6,762,255
Total revenues	142,160,122	140,854,747	214,736	2,030,928	10,072,724	10,967,997
Expenditures						
Current						
Instruction	65,990,878	64,777,816	-	-	3,881,679	3,496,492
Instructional support	16,745,922	14,876,072	-	-	672,151	785,605
Administration	10,833,102	10,694,462	-	-	-	-
Central Support Services	27,039,824	25,795,117	236,911	224,595	2,258,584	3,491,627
Community and food services	1,838,508	1,670,839	-	-	6,355,336	6,286,108
Capital Outlay	-	-	15,444,269	34,135,057	-	-
Debt Service						
Principal retirement	107,078	107,078	1,890,000	1,820,000	252,927	246,406
Interest and fees	5,354	5,354	1,205,707	1,265,581	4,157	10,678
Total Expenditures	122,560,666	117,926,738	18,776,887	37,445,233	13,424,834	14,316,916
Excess (deficiency) of revenues over expenditures	19,599,456	22,928,009	(18,562,151)	(35,414,305)	(3,352,110)	(3,348,919)
Other financing sources (uses)						
Transfers In (Out)	(15,610,000)	(17,210,077)	12,600,000	14,600,000	3,010,000	2,610,077
Total other financing sources (uses)	(15,610,000)	(17,210,077)	12,600,000	14,600,000	3,010,000	2,610,077
Net change in fund balances	3,989,456	5,717,932	(5,962,151)	(20,814,305)	(342,110)	(738,842)
Fund balance - beginning	16,995,182	11,277,250	8,029,664	28,843,969	4,457,457	5,196,299
Fund balance - ending	$ 20,984,638	$ 16,995,182	$ 2,067,513	$ 8,029,664	$ 4,115,347	$ 4,457,457

Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective.

General fund

The General Fund is the District's primary operating fund and accounts for the financial resources used to support the District's instructional programs, student services, administration, transportation, and other day-to-day operations. Because of its significance, changes in the General Fund provide one of the best indicators of the District's overall financial health.

On June 30, 2026, the General Fund reported an ending fund balance of $20,984,638 compared with $16,995,182 on June 30, 2025, an increase of $3,989,456, or 23.47 percent. The District continues to maintain a healthy General Fund balance sufficient to support ongoing operations, manage cash flow, and respond to unforeseen financial needs.

General Fund revenues totaled $142,160,122 during fiscal year 2026, an increase from $140,854,747 during fiscal year 2025. The increase primarily reflects growth in local and federal revenues that support the District's educational programs and services.

The District continued to use General Fund resources to support instructional priorities, employee compensation, student support services, and operational needs while maintaining a balanced approach to long-term financial sustainability. District officials regularly monitor fund balance levels, revenue trends, and expenditure patterns to ensure that financial resources remain aligned with the Board of Education's strategic priorities and the educational needs of students.

Building Fund

The Building Fund is used to account for financial resources designated for the acquisition, construction, renovation, and improvement of District facilities. The fund supports capital projects that enhance and maintain the District's physical infrastructure to meet the educational needs of students and staff.

Building Fund revenues totaled $214,736 in fiscal year 2026 compared to $2,030,928 in fiscal year 2025, a decrease of $1,816,192. The decrease was primarily attributable to the Impact Aid Construction funds not being awarded in 2026.

Building Fund expenditures totaled $18,776,887 in fiscal year 2026 compared to $37,445,233 in fiscal year 2025, a decrease of $18,668,346. This decrease was primarily driven by the completion of the Abrams Elementary School capital project. Additionally, the District experienced a general reduction in other capital construction and facility improvement activities compared to the prior fiscal year.

During fiscal year 2026, expenditures exceeded revenues by $18,562,151. The District received $12,600,000 in other financing sources, primarily transfers from the general fund, which partially offset the current-year operating deficit and supported ongoing capital improvement activities. As a result, the Building Fund reported a decrease in fund balance of $5,962,151, compared to a decrease of $20,814,305 in fiscal year 2025.

The Building Fund ended fiscal year 2026 with a fund balance of $2,067,513, a decrease from the fiscal year 2025 ending fund balance of $8,029,664. Despite the decline, the remaining fund balance provides resources for future capital projects and facility-related needs consistent with the District's long-term planning objectives.

Nonmajor Governmental Funds

On June 30, 2026, the District's Nonmajor Governmental Funds reported a combined ending fund balance of $4,115,347, compared with $4,457,457 at June 30, 2025, a decrease of $342,110, or 7.7%. The decrease primarily reflects expenditures exceeding revenues within the District's various special revenues and other nonmajor governmental funds during the fiscal year.

During fiscal year 2026, these funds reported $10,072,724 in total revenues compared to $10,967,997 in fiscal year 2025, a decrease of $895,273, or 8.16%. For fiscal year 2026, these funds reported $13,424,834 in total expenditures compared to $14,316,916 in fiscal year 2025, a decrease of $892,082, or 6.23%. In fiscal year 2026, this resulted in an operating deficit of $3,352,110. The Capital Projects fund received $3,010,000 in other financing sources, which partially offset the operating deficit and reduced the overall decrease to the nonmajor fund balance to $342,110.

The District continues to monitor these funds to ensure that restricted resources are expended in accordance with grant requirements, state statutes, Board policies, and other applicable funding restrictions while supporting a variety of instructional and operational programs throughout the District.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets as of June 30, 2026, amounts to $259,670,229 (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 $7,818,046, which represents an increase of 3% over the June 30, 2025, balance.

Debt Administration. The balance outstanding on the District's Certificates of Participation, issued to shorten the new Fountain Middle School construction timeline, was $6,890,000 and the balance of the COP's issues to complete the Trojan Arena was $24,775,000 at June 30, 2026.

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

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

District 8 develops its annual budget using the best information available at the time of adoption. While future financial results cannot be predicted with certainty, District officials continually monitor economic conditions, legislative actions, enrollment trends, and other factors that may affect future operations and financial performance. The following items are expected to have the most significant influence on the District's financial position and operations in fiscal year 2027 and beyond.

Colorado School Finance

The District's primary source of operating revenue continues to be funding received through Colorado's School Finance Act. Changes to the State's annual appropriation, funded pupil count, local assessed valuation, and legislative actions affecting school finance will continue to influence future operating revenues. District officials will continue to monitor legislative developments and incorporate changes into long-range financial planning.

Enrollment and Growth

Student enrollment continues to be influenced by housing availability on Fort Carson and limited residential growth within the District. Because a significant portion of District funding is based on pupil count, enrollment trends remain an important factor in future revenue projections and financial planning.

The District will continue to monitor enrollment patterns, housing development, and demographic changes to ensure that educational programs, staffing levels, and facilities remain aligned with student needs while maintaining long-term financial stability.

Employee Compensation and Operational Costs

Like school districts throughout Colorado, District 8 continues to experience inflationary pressures affecting employee compensation, utilities, insurance, transportation, purchased services, and instructional materials. The District remains committed to balancing competitive compensation with long-term financial sustainability while maintaining high-quality educational services.

Capital Planning

The District continues to evaluate capital improvement needs through its long-range planning process. Investments in facilities, technology, safety and security improvements, and infrastructure remain priorities to support students, staff, and the communities served by District 8. Capital projects will continue to be evaluated based on available financial resources and long-term facility needs.

Long Range Financial Planning

District officials will continue monitoring economic conditions, assessed valuation growth, state funding, Impact Aid, and expenditure trends to maintain the District's strong financial position while supporting the Board of Education's strategic priorities. Long-range financial planning remains focused on balancing operational needs with responsible stewardship of public resources and maintaining financial flexibility for future opportunities and challenges.

REQUESTS FOR INFORMATION

The financial statements are intended to provide taxpayers, parents, employees, creditors, investors, oversight agencies, and other interested parties with a general overview of District 8's financial position and to demonstrate the District's commitment to responsible stewardship of the resources entrusted to it. Questions concerning any of the information presented in this report or requests for additional financial information should be directed to:

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

Additional information about District 8, including financial reports, programs, and services, is available on the District's website.


FOUNTAIN
FORT CARSON
COLORADO
D8

Basic Financial Statements

EL PASO COUNTY SCHOOL DISTRICT NO. 8
STATEMENT OF NET POSITION
June 30, 2026

	Primary Government
	Governmental Activities
ASSETS	
Cash and investments	$ 37,317,304
Accounts receivable	78,213
Taxes receivable	296,593
Intergovernmental receivables	989,271
Inventories and prepaid expenses	201,065
Capital assets, not being depreciated	6,293,110
Capital assets, depreciated, net	285,158,119
Total assets	330,333,675
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, net of accumulated amortization	21,071,827
OPEB, net of accumulated amortization	719,922
Total assets and deferred outflows of resources	352,125,424
LIABILITIES	
Accounts payable and other current liabilities	3,400,227
Accrued salaries and benefits	7,037,430
Unearned revenues	825,460
Accrued interest payable	107,710
Non-current liabilities due within one year	2,381,234
Non-current liabilities due in more than one year:	
Compensated absences	5,303,612
Leases	8,924
Certificates of Participation (COP)	29,705,000
Net pension liability	142,934,739
Net OPEB liability	1,579,620
Total liabilities	193,283,956
DEFERRED INFLOWS OF RESOURCES	
Pensions, net of accumulated amortization	23,510,819
OPEB, net of accumulated amortization	2,082,819
Total liabilities and deferred inflows of resources	218,877,594
NET POSITION	
Net investment in capital assets	259,670,229
Restricted for	
Mill levy override	
Instructional materials and salaries	458,829
Constitutional amendment (TABOR)	3,100,000
Multi-year obligations	390,263
Unrestricted	(130,371,491)
Total net position	$ 133,247,830

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, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 79,515,037	$ 42,025	$ 10,059,793	$ -	$ (69,413,219)
Instructional support	19,384,238	-	2,015,006	-	(17,369,232)
Administration	12,224,281	-	146,558	-	(12,077,723)
Central support services	33,431,117	335,258	6,867,034	6,089	(26,222,736)
Community services	8,193,844	33,399	46,060	-	(8,114,385)
Interest and fiscal charges	1,198,690	-	-	-	(1,198,690)
Total primary government	$ 153,947,207	$ 410,682	$ 19,134,451	$ 6,089	(134,395,985)
	General revenues:				
	Property taxes				8,575,617
	Specific ownership taxes				713,176
	State equalization and UPK funding				79,857,903
	Federal impact aid				41,112,011
	Investment earnings				1,581,882
	Miscellaneous revenues				1,624,202
	Total general revenues				133,464,791
	Change in net position				(931,194)
	Net position, beginning of year				134,179,024
	Net position, end of year				$ 133,247,830

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, 2026

	General Fund	Building Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 27,404,415	$ 6,109,708	$ 3,803,181	$ 37,317,304
Accounts receivable	68,945	-	9,268	78,213
Taxes receivable	296,593	-	-	296,593
Internal balances	2,122,668	-	-	2,122,668
Intergovernmental receivables	48,505	-	940,766	989,271
Prepaid expenditures	-	-	-	-
Inventories	167,165	-	33,900	201,065
Total assets	$ 30,108,291	$ 6,109,708	$ 4,787,115	$ 41,005,114
LIABILITIES				
Accounts payable	$ 1,031,823	$ 2,267,060	$ 101,344	$ 3,400,227
Accrued salaries and benefits	6,836,532	-	200,898	7,037,430
Accrued liabilities	314,156	-	-	314,156
Internal balances	-	1,775,135	347,533	2,122,668
Unearned revenues	803,467	-	21,993	825,460
Total liabilities	8,985,978	4,042,195	671,768	13,699,941
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	137,675	-	-	137,675
FUND BALANCES				
Nonspendable				
Inventories	167,165	-	33,900	201,065
Prepaid expenditures	-	-	-	-
Restricted				
Mill levy override				
Instructional materials and salaries	458,829	-	-	458,829
Constitutional amendment (TABOR)	3,100,000	-	-	3,100,000
Multi-year obligations	390,263	-	-	390,263
Assigned				
Insurance activities	321,657	-	-	321,657
Food service	-	-	1,976,921	1,976,921
Pupil activities	-	-	770,666	770,666
Capital projects	-	2,067,513	1,333,860	3,401,373
Unassigned	16,546,724	-	-	16,546,724
Total fund balances	20,984,638	2,067,513	4,115,347	27,167,498
Total liabilities, deferred inflows of resources and fund balances	$ 30,108,291	$ 6,109,708	$ 4,787,115	$ 41,005,114

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, 2026

Total fund balances--governmental funds		$ 27,167,498
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	2,181,008	
Depreciable and Leased Assets	373,064,098	
Less: Accumulated Depreciation and Amortization	(87,905,979)	
		291,451,229
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.		137,675
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	$ (31,665,000)	
Accrued interest payable	(107,710)	
Equipment and vehicle leases payable	(116,002)	
Compensated absences	(5,303,612)	
Net pension liability	(142,934,739)	
Pension-related deferred outflows of resources	21,071,827	
Pension-related deferred inflows of resources	(23,510,819)	
Net OPEB liability	(1,579,620)	
OPEB-related deferred outflows of resources	719,922	
OPEB-related deferred inflows of resources	(2,082,819)	
		(185,508,572)
Total net position--governmental activities		$ 133,247,830

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, 2026

	General Fund	Building Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES				
Local sources	$ 11,356,224	$ 214,736	$ 1,622,828	$ 13,193,788
State sources	89,400,345	-	2,190,766	91,591,111
Federal sources	41,403,553	-	6,259,130	47,662,683
Total revenues	142,160,122	214,736	10,072,724	152,447,582
EXPENDITURES				
Current				
Instruction	65,990,878	-	3,881,679	69,872,557
Instructional support	16,745,922	-	672,151	17,418,073
Administration	10,833,102	-	-	10,833,102
Central Support Services	27,039,824	236,911	2,258,584	29,535,319
Community and food services	1,838,508	-	6,355,336	8,193,844
Capital Outlay	-	15,444,269	-	15,444,269
Debt service				
Principal retirement	107,078	1,890,000	252,927	2,250,005
Interest and fees	5,354	1,205,707	4,157	1,215,218
Total expenditures	122,560,666	18,776,887	13,424,834	154,762,387
Excess (Deficiency) of revenues over expenditures	19,599,456	(18,562,151)	(3,352,110)	(2,314,805)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	12,600,000	3,010,000	15,610,000
Transfers (out)	(15,610,000)	-	-	(15,610,000)
Total other financing sources (uses)	(15,610,000)	12,600,000	3,010,000	-
Net change in fund balances	3,989,456	(5,962,151)	(342,110)	(2,314,805)
Fund balances, beginning of year	16,995,182	8,029,664	4,457,457	29,482,303
Fund balances, end of year	$ 20,984,638	$ 2,067,513	$ 4,115,347	$ 27,167,498

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, 2026

Net change in fund balances -- governmental funds		$ (2,314,805)
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	$ 15,554,950	
Retirements, net	(1,444,273)	
Depreciation expense	(8,542,638)	
		5,568,039
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.		35,471
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		1,890,000
Equipment and vehicle lease principal payment		360,005
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	$ 7,017	
Change in compensated absences	(103,364)	
Change in net pension liability	12,493,434	
Change in pension-related deferred outflows of resources	(8,095,827)	
Change in pension-related deferred inflows of resources	(11,806,963)	
Change in net OPEB liability	1,178,115	
Change in OPEB-related deferred outflows of resources	(86,559)	
Change in OPEB-related deferred inflows of resources	(55,757)	
		(6,469,904)
Change in net position of governmental activities		$ (931,194)

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

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 565 non-certificated employees and 597 certificated employees to provide services to approximately 7,709 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.

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.

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 – C*ash 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.

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 $10,000 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.

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.

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.

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:

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. Beginning in 2025, property taxes can be paid in three ways: in full by April 30, in two equal installments due February 28 and June 15, or in four equal installments due February 28, April 30, July 15 and September 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.

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

The District recognized a liability for compensated absences in accordance with the provisions of GASB Statement No. 101, *Compensated Absences*. Under this standard, a liability is reported for leave that is attributable to services already rendered, is to be used for time off, and is more likely than not to be used for time off or otherwise paid.

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 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. In the government-side financial statements, the liability for sick leave is reported based on historical trend analysis, which estimates the amount that will be used or paid. In the governmental fund financial statements, compensated absences are recognized as expenditures only when due.

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.

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, 2026, the District had the following cash and investments:

Cash on hand	$ 1,680
Deposits	7,360,171
Investments	29,955,453
Total	$ 37,317,304

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

Cash and Investments - Primary Government	$ 37,317,304

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 bank deposits at June 30, 2026 was $7,360,171. 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, 2026, the District had $29,955,453 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.

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, 2026 is as follows:

	Due from Other funds	Due to Other Funds
General Fund	$ 2,122,668	$ -
Building Fund	-	1,775,135
Nonmajor Funds	-	347,533
Total	$ 2,122,668	$ 2,122,668

Interfund transfers
The composition of interfund transfers for the year ended June 30, 2026, is as follows:

	Transfers from Other funds	Transfers to Other Funds
General Fund	$ -	$ 15,610,000
Building Fund	12,600,000	-
Nonmajor Funds	3,010,000	-
Total	$ 15,610,000	$ 15,610,000

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.

NOTE 6 CAPITAL ASSETS

Activity for capital assets during the year ended June 30, 2026, was as follows.

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 4,112,102	$ -	$ -	$ 4,112,102
Construction in progress	42,641,164	12,718,150	53,178,306	2,181,008
Total capital assets, not being depreciated	46,753,266	12,718,150	53,178,306	6,293,110
Capital assets, being depreciated:				
Buildings	305,640,551	54,053,352	3,071,522	356,622,381
Equipment	3,920,514	465,218	-	4,385,732
Buses/Other vehicles	9,464,269	1,496,536	312,756	10,648,049
Total capital assets being depreciated	319,025,334	56,015,106	3,384,278	371,656,162
Less accumulated depreciation for:				
Buildings	71,325,106	7,098,273	1,627,249	76,796,130
Equipment	2,393,786	303,242	-	2,697,028
Buses/Other vehicles	6,678,412	810,554	312,756	7,176,210
Total accumulated depreciation	80,397,304	8,212,069	1,940,005	86,669,367
Total depreciable assets, net	238,628,030	47,803,037	1,444,272	284,986,795
Leased assets				
Equipment	1,407,936	-	-	1,407,936
Total Leased capital assets	1,407,936	-	-	1,407,936
Less accumulated amortization for:				
Equipment	906,042	330,570	-	1,236,612
Total accumulated amortization	906,042	330,570	-	1,236,612
Total leased assets, net	501,894	(330,570)	-	171,324
Total depreciable and leased assets, net	239,129,924	47,472,467	1,444,272	285,158,119
Governmental activities capital assets, net	$ 285,883,190	$ 60,190,618	$ 54,622,579	$ 291,451,229

NOTE 6 CAPITAL ASSETS (continued)

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

Governmental activities:	
Instruction	$ 4,698,450
Instructional Support	854,264
Administration	597,985
Central Support Services	2,391,939
Total Depreciation Expense - Governmental Activities	$ 8,542,638

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 $1,236,612. The District has determined that as of June 30, 2026, 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, 2026 are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 107,078	$ 5,354	$ 112,432
2028	8,924	445	9,369
Total	$ 116,002	$ 5,799	$ 121,801

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, 2026 are as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Certificates of Participation					
2018	$ 7,745,000	$ -	$ 855,000	$ 6,890,000	$ 885,000
2022	25,810,000	-	1,035,000	24,775,000	1,075,000
Leases	476,007	-	360,006	116,001	107,078
Compensated Absences	5,481,203	1,498,366	1,361,805	5,617,764	314,156
Net pension liability	155,428,173	-	12,493,434	142,934,739	-
Net OPEB liability	2,757,735	-	1,178,115	1,579,620	-
Total	$ 197,698,118	$ 1,498,366	$ 17,283,360	$ 181,913,124	$ 2,381,234

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
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	980,000	130,670	1,110,670
2031 - 2033	3,160,000	172,378	3,332,378
Total	$ 6,890,000	$ 897,687	$ 7,787,687

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
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	1,195,000	770,988	1,965,988
2031 - 2035	6,680,000	3,144,630	9,824,630
2036 - 2040	8,005,000	1,789,968	9,794,968
2041 - 2043	5,555,000	313,297	5,868,297
Total	$ 24,775,000	$ 8,586,499	$ 33,361,499

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, 2025. 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.

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, 2026: 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, 2025 through June 30, 2026. Employer contribution requirements are summarized in the table below:

	July 1, 2025 Through June 30, 2026
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 $15,444,801 for the year ended June 30, 2026.

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. For 2025, 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.

NOTE 9 DEFINED BENEFIT 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, 2025, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll-forward the TPL to December 31, 2025. 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 2025 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2026, the El Paso County School District No. 8 reported a liability of $142,934,739 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	$ 142,934,739
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with El Paso County School District No. 8	13,432,574
Total	$ 156,367,313

At December 31, 2025, the El Paso County School District No. 8 proportion was 0.9164877330%, which was an increase of 0.0157106659% from its proportion measured as of December 31, 2024.

For the year ended June 30, 2026, the El Paso County School District No. 8 recognized pension expense of $25,002,534 and revenue of $1,964,404 for support from the State as a nonemployer contributing entity. At June 30, 2026, 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	$ 8,602,475	$ -
Changes of assumptions or other inputs	701,672	-
Net difference between projected and actual earnings on pension plan investments	-	17,146,835
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,930,095	6,363,984
Contributions subsequent to the measurement date	7,837,585	N/A
Total	$ 21,071,827	$ 23,510,819

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)

$7,837,585 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, 2026. 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:	
2027	$ 7,246,596
2028	(7,913,386)
2029	(5,278,612)
2030	(4,331,175)
Thereafter	-

Actuarial assumptions. The TPL in the December 31, 2024 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	4.00% – 13.40%
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.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 scale.

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial assumptions (continued)

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	**Males**: 106% of the rates for all ages **Females**: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females:** 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The actuarial assumptions used in the December 31, 2024, valuation were based on the 2024 experience analysis, dated January 3, 2025 for the period January 1, 2020, through December 31, 2023. Revised economic and demographic assumptions were adopted by the PERA Board on January 17, 2025.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
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%. For projections, geometric long-term returns are converted to arithmetic returns, which reflect the expected on-year annual performance.

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

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. Effective July 1, 2025, and prior to July 1, 2030, HB 25-1105 excludes the DPS Division from receiving a portion of the annual direct distribution. 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.

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 plan members and were not projected to reach a depletion date. 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

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	$ 202,212,176	$ 142,934,739	$ 93,297,287

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
2025 Changes in Plan Provision Since 2024

- SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling $500,000 on or after July 1, 2025, and before October 1, 2025. These dollars are held by PERA in a custodial capacity on behalf of the State of Colorado to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participation division, results in an automatic adjustment provision (AAP) assessment ratio below the 98% benchmark and the alternative allocation method results in an AAP ratio that meets or exceeds the 98% benchmark.

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information
2025 Changes in Assumptions or Other Inputs Since 2024

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

Subsequent Events

- HB 26-1400, enacted June 1, 2026, and effective July 1, 2026, modifies the allocation of the direct distribution. Beginning with the direct distribution on July 1, 2026, and annually thereafter, PERA is required to allocate the direct distribution to the Division Trust Funds on an actuarial basis. HB 26-1400 also reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, from 1.02% to 0.52% of member salaries for the State, School, Local Government, and Judicial Divisions.

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

General Information about the OPEB Plan

Plan description. Eligible employees of the El Paso County School District No. 8 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at *www.copera.org/investments/pera-financial-reports*.

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

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.

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

PERA Benefit Structure (continued)

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

DPS Benefit Structure. The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees 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 retirees 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 retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the El Paso County School District No. 8 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from El Paso County School District No. 8 were $773,029 for the year ended June 30, 2026.

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

At June 30, 2026, the El Paso County School District No. 8 reported a liability of $1,579,620 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2025, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll-forward the TOL to December 31, 2025. 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 2025 relative to the total contributions of participating employers to the HCTF.

At December 31, 2025, the El Paso County School District No. 8 proportion was 0.5862343790% which was an increase of 0.0095038743% from its proportion measured as of December 31, 2024.

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

For the year ended June 30, 2026, the El Paso County School District No. 8 recognized OPEB expense of $1,483,315. At June 30, 2026, 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	$ -	$ 639,148
Changes of assumptions or other inputs	-	766,754
Net difference between projected and actual earnings on OPEB plan investments	17,341	252,286
Changes in proportion and differences between contributions recognized and proportionate share of contributions	310,317	424,631
Contributions subsequent to the measurement date	392,264	N/A
Total	$ 719,922	$ 2,082,819

$392,264 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, 2027. 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:	
2027	$ (346,740)
2028	(469,867)
2029	(384,872)
2030	(337,781)
2031	(157,952)
Thereafter	(57,949)

Actuarial assumptions. The December 31, 2024 actuarial valuation used the following actuarial cost method and key 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	4.00 – 13.40%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%

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

Actuarial assumptions (continued)

Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.00% 2025, gradually decreasing to 4.50% in 2035
Medicare Part A premiums	3.50% in 2025, gradually increasing to 4.50% in 2033
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Each year the per capita health care costs are developed by plan option. As of December 31, 2024, actuarial valuation, costs are based on 2025 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. MAPD premium costs are not age graded, an allowed exception under secctin 3.7.7 (c) of Actuarial Standard of Practice No.6.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	$ 4,188	$ 8,928
MAPD PPO #2	2,028	5,508
MAPD HMO (Kaiser)	2,040	7,596

The 2025 Medicare Part A premium is $518 per month.

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

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. PERACare Medicare plan rates are applied where members have no premium-free Part A.

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

Actuarial assumptions (continued)

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2025	8.00%	3.50%
2026	7.65%	3.75%
2027	7.30%	3.75%
2028	6.95%	4.00%
2029	6.60%	4.00%
2030	5.25%	4.25%
2031	5.90%	4.25%
2032	5.55%	4.25%
2033	5.20%	4.50%
2034	4.85%	4.50%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2024, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, In the December 31, 2024, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 scale. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
School Division	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
School Division	PubT-2010 Healthy Retiree	**Males**: 106% of the rates for all ages **Females**: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages

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

Actuarial assumptions (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, 2024, 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 2025 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums.

The actuarial assumptions pertaining to the per capita health care cost and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary.

The actuarial assumptions used in the December 31, 2024, valuations were based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, through December 31, 2023. Revised economic and demographic assumptions were adopted by the PERA Board on January 17, 2025.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated, January 3, 2025.

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, and again at the Board's September 20, 2024, meeting. 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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

NOTE 10 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) 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%. For projections, geometric long-term returns are converted to arithmetic returns, which reflect the expected one-year annual performance.

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[1]	6.65%	7.65%	8.65%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate[1]	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 1,513,956	$ 1,579,620	$ 1,653,949

[1]For the January 1, 2026, plan year.

Discount rate. The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2024, and the financial status of the HCTF as of the current measurement date (December 31, 2025). 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, 2025, 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. The current employer contribution rate for the HCTF is 1.02% of salary. HB26-1400, effective July 1, 2026, reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, from 1.02% to 0.52% of membr salaries for the State, School, Local Government, and Judicial Divisions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Discount Rate (continued)

Based on the above assumptions and methods, the FNP for the HCTF 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	$ 2,174,818	$ 1,579,620	$ 1,066,272

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
2025 Changes in Plan Provision Since 2024

- There were no changes made to plan provisions.

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information
2025 Changes in Assumptions or Other Inputs Since 2024

- There were no significant 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.

NOTE 12 COMMITMENTS AND CONTINGENCIES (Continued)

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.

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, 2026 there is a $3,100,000 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.

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, 2026

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PROPORTIONATE SHARE OF NET PENSION LIABILITY										
District's proportion of net pension liability (asset)	0.9164877330%	0.9007770671%	0.9978456854%	0.8546587653%	0.9167161690%	1.0034704008%	0.8820538315%	0.8858485315%	1.0060639759%	1.0142534803%
District's proportionate share of the net pension liability (asset)	$ 142,934,739	$ 155,428,173	$ 176,453,263	$ 155,628,789	$ 106,681,616	$ 151,704,485	$ 131,776,928	$ 156,857,678	$ 325,325,334	$ 301,982,482
State's proportionate share of the net pension liability (asset) associated with the District	13,432,574	13,959,917	3,869,096	45,351,793	12,229,685	-	16,714,227	21,448,109	-	-
	$ 156,367,313	$ 169,388,090	$ 180,322,359	$ 200,980,582	$ 118,911,301	$ 151,704,485	$ 148,491,155	$ 178,305,787	$ 325,325,334	$ 301,982,482
District's covered payroll	$ 74,292,589	$ 69,607,182	$ 65,966,609	$ 65,927,056	$ 57,291,871	$ 53,671,992	$ 51,835,047	$ 48,699,851	$ 46,408,542	$ 45,521,512
District's proportionate share of the net pension liability (asset) as a percentage of covered payroll	192.39%	223.29%	267.49%	236.06%	186.21%	282.65%	254.22%	322.09%	701%	663%
Plan fiduciary net position as a percentage of the total pension liability	71.7%	67.2%	64.7%	61.8%	74.9%	67.0%	64.5%	57.0%	44%	43%

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
DISTRICT CONTRIBUTIONS										
Statutorily required contributions	$ 15,444,801	$ 14,806,605	$ 13,672,633	$ 13,843,269	$ 12,067,857	$ 10,705,293	$ 10,444,347	$ 9,559,382	$ 8,916,032	$ 8,391,301
Contributions in relation to the statutorily required contributions	(15,444,801)	(14,806,605)	(13,672,633)	(13,843,269)	(12,067,857)	(10,705,293)	(10,444,347)	(9,559,382)	(8,916,032)	(8,391,301)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District covered payroll	$ 75,787,205	$ 72,652,576	$ 67,088,483	$ 67,925,754	$ 60,703,506	$ 53,849,565	$ 53,892,399	$ 49,970,632	$ 47,224,716	$ 45,654,521
Contributions as a precentage of covered payroll	20.38%	20.38%	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%

*** 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, 2026

	2025	2024	2023	2022	2021	2020	2019	2018	2017
PROPORTIONATE SHARE OF NET OPEB LIABILITY									
District's proportion of net OPEB liability (asset)	0.5862343790%	0.5767305050%	0.5969570656%	0.6491144847%	0.5985455827%	0.5803970899%	0.5763469308%	0.5758063774%	0.5716412205%
District's proportionate share of the net OPEB liability (asset)	$ 1,579,620	$ 2,757,735	$ 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	$ 74,292,589	$ 69,607,182	$ 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	2.13%	3.96%	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	76.1%	59.8%	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.*

	2026	2025	2024	2023	2022	2021	2020	2019	2018
DISTRICT CONTRIBUTIONS									
Statutorily required contributions	$ 773,029	$ 741,056	$ 684,306	$ 692,846	$ 619,181	$ 549,276	$ 549,711	$ 509,704	$ 481,715
Contributions in relation to the statutorily required contributions	(773,029)	(741,056)	(684,306)	(692,846)	(619,181)	(549,276)	(549,711)	(509,704)	(481,715)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District covered payroll	$ 75,787,205	$ 72,652,576	$ 67,088,483	$ 67,925,750	$ 60,703,506	$ 53,849,565	$ 53,892,399	$ 49,970,632	$ 47,224,746
Contributions as a precentage of covered payroll	1.02%	1.02%	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, 2026

REVENUES	Budget Original	Budget Final	Variance with Original Budget Positive (Negative)	Actual	Variance with Final Budget Positive (Negative)
Local sources					
Property taxes	$ 8,168,541	$ 7,229,487	$ (939,054)	$ 8,540,146	$ 1,310,659
Specific ownership taxes	507,446	654,586	147,140	713,176	58,590
Tuition	25,000	25,000	-	18,820	(6,180)
Interest on investments	650,300	650,300	-	1,331,543	681,243
Miscellaneous	582,670	1,775,784	1,193,114	752,539	(1,023,245)
Total local sources	9,933,957	10,335,157	401,200	11,356,224	1,021,067
State sources					
State equalization and preschool	80,242,430	79,198,770	(1,043,660)	79,857,903	659,133
Special education	5,189,603	5,418,171	228,568	5,421,595	3,424
Transportation	950,000	950,000	-	1,044,522	94,522
Miscellaneous Grants	3,517,556	3,134,633	(382,923)	3,076,325	(58,308)
Total state sources	89,899,589	88,701,574	(1,198,015)	89,400,345	698,771
Federal sources					
Impact aid	35,700,000	35,700,000	-	39,145,878	3,445,878
DoD supplemental assistance	2,245,000	1,966,132	(278,868)	1,966,133	1
Carl Perkins Grant	73,000	73,000	-	58,512	(14,488)
JROTC Grant	160,000	160,000	-	167,206	7,206
Preschool Program	60,000	60,465	465	62,824	2,359
Other federal grants	-	-	-	3,000	3,000
Total federal sources	38,238,000	37,959,597	(278,403)	41,403,553	3,443,957
TOTAL REVENUES	$ 138,071,546	$ 136,996,328	$ (1,075,218)	$ 142,160,122	$ 5,163,794

(Continued)

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

EXPENDITURES	Budget Original	Budget Final	Variance with Original Budget Positive (Negative)	Actual	Variance with Final Budget Positive (Negative)
Instruction					
Salaries	$ 45,710,802	$ 45,704,757	$ 6,045	$ 45,344,643	$ 360,114
Employee benefits	16,156,422	16,155,823	599	15,917,694	238,129
Purchased Services	1,556,480	2,169,590	(613,110)	2,075,314	94,276
Supplies and materials	2,321,455	2,683,040	(361,585)	2,160,843	522,197
Capital Outlay	185,250	190,250	(5,000)	167,203	23,047
Other	143,150	215,150	(72,000)	325,181	(110,031)
Total	66,073,559	67,118,610	(1,045,051)	65,990,878	1,127,732
Counselors & SPED support					
Salaries	8,641,428	8,863,680	(222,252)	8,057,000	806,680
Employee benefits	2,700,671	2,744,011	(43,340)	2,778,713	(34,702)
Purchased Services	815,769	648,099	167,670	674,260	(26,161)
Supplies and materials	455,295	475,280	(19,985)	453,508	21,772
Capital Outlay	6,000	6,000	-	318	5,682
Other	8,500	10,000	(1,500)	8,872	1,128
Total	12,627,663	12,747,070	(119,407)	11,972,671	774,399
Curriculum, Media & Staff Development					
Salaries	2,720,565	2,725,291	(4,726)	3,046,156	(320,865)
Employee benefits	875,610	876,688	(1,078)	1,062,065	(185,377)
Purchased Services	573,573	573,572	1	476,658	96,914
Supplies and materials	149,104	149,104	-	171,088	(21,984)
Capital Outlay	9,500	9,500	-	13,115	(3,615)
Other	2,500	2,500	-	4,169	(1,669)
Total	4,330,852	4,336,655	(5,803)	4,773,251	(436,596)
Board of Education, Legal, PR & Superintendent					
Salaries	773,625	773,625	-	841,385	(67,760)
Employee benefits	344,564	344,564	-	374,980	(30,416)
Purchased Services	347,000	347,000	-	292,054	54,946
Supplies and materials	105,550	107,050	(1,500)	123,031	(15,981)
Capital Outlay	4,500	4,500	-	7,344	(2,844)
Other	100,000	100,000	-	64,410	35,590
Total	1,675,239	1,676,739	(1,500)	1,703,204	(26,465)
School Administration					
Salaries	6,834,050	6,834,600	(550)	6,505,289	329,311
Employee benefits	2,462,557	2,462,557	-	2,350,568	111,989
Purchased Services	50,030	56,105	(6,075)	80,944	(24,839)
Supplies and materials	132,985	171,889	(38,904)	183,748	(11,859)
Capital Outlay	11,750	11,750	-	8,975	2,775
Other	100	100	-	374	(274)
Total	9,491,472	9,537,001	(45,529)	9,129,898	407,103

(Continued)

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

EXPENDITURES	Budget Original	Budget Final	Variance with Original Budget Positive (Negative)	Actual	Variance with Final Budget Positive (Negative)
Business Support & Internal Operations					
Salaries	1,139,775	1,139,775	-	1,095,012	44,763
Employee benefits	450,289	450,289	-	395,851	54,438
Purchased Services	323,100	323,100	-	208,582	114,518
Supplies and materials	105,500	105,500	-	96,669	8,831
Capital Outlay	78,500	78,500	-	16,414	62,086
Other	(52,000)	(52,000)	-	(71,186)	19,186
Total	2,045,164	2,045,164	-	1,741,342	303,822
Operations Maintenance					
Salaries	5,001,656	4,947,156	54,500	4,739,718	207,438
Employee benefits	1,794,408	1,794,408	-	1,875,309	(80,901)
Purchased Services	2,920,037	3,341,737	(421,700)	3,306,755	34,982
Supplies and materials	3,170,012	3,159,012	11,000	3,635,705	(476,693)
Capital Outlay	77,429	131,126	(53,697)	93,389	37,737
Other	4,330	4,330	-	2,044	2,286
Total	12,967,872	13,377,769	(409,897)	13,652,920	(275,151)
Transportation					
Salaries	3,977,199	3,977,199	-	4,022,191	(44,992)
Employee benefits	1,470,206	1,470,205	1	1,458,608	11,597
Purchased Services	391,182	391,181	1	365,655	25,526
Supplies and materials	525,500	525,500	-	534,625	(9,125)
Capital Outlay	6,000	6,000	-	12,522	(6,522)
Other	(73,000)	(141,000)	68,000	(164,804)	23,804
Total	6,297,087	6,229,085	68,002	6,228,797	288
Personnel & Information Systems					
Salaries	2,531,444	2,533,943	(2,499)	2,497,106	36,837
Employee benefits	839,458	840,030	(572)	861,107	(21,077)
Purchased Services	1,860,521	1,968,619	(108,098)	1,889,505	79,114
Supplies and materials	125,050	125,050	-	112,398	12,652
Capital Outlay	14,000	14,000	-	8,383	5,617
Other	57,375	57,375	-	48,266	9,109
Total	5,427,848	5,539,017	(111,169)	5,416,765	122,252
Community Services					
Salaries	166,500	186,700	(20,200)	282,163	(95,463)
Employee benefits	42,324	41,524	800	54,250	(12,726)
Purchased Services	1,598,060	1,598,060	-	1,216,786	381,274
Supplies and materials	59,000	115,553	(56,553)	66,504	49,049
Capital Outlay	4,000	14,000	(10,000)	6,756	7,244
Other	-	-	-	212,049	(212,049)
Total	1,869,884	1,955,837	(85,953)	1,838,508	117,329

(Continued)

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

EXPENDITURES	Budget Original	Budget Final	Variance with Original Budget Positive (Negative)	Actual	Variance with Final Budget Positive (Negative)
Debt Service					
Principal	107,078	107,078	-	107,078	-
Interest and fees	5,354	5,354	-	5,354	-
Total	112,432	112,432	-	112,432	-
Reserves					
TABOR	3,200,000	3,200,000	-	-	3,200,000
Mill Levy Override	164,046	164,046	-	-	164,046
Multi-year Obligations	517,794	517,794	-	-	517,794
Contingency	9,048,458	9,639,358	(590,900)	-	9,639,358
Total	12,930,298	13,521,198	(590,900)	-	13,521,198
TOTAL EXPENDITURES	135,849,370	138,196,577	(2,347,207)	122,560,666	15,635,911
Excess (deficiency) of revenues over expenditures	2,222,176	(1,200,249)	3,422,425	19,599,456	20,799,705
OTHER FINANCING SOURCES (USES)					
Transfer to Capital Projects Fund	(2,610,000)	(3,010,000)	400,000	(3,010,000)	-
Transfer to Building Fund	(12,600,000)	(12,600,000)	-	(12,600,000)	-
Total other financing sources (uses)	(15,210,000)	(15,610,000)	400,000	(15,610,000)	-
Net change in fund balance	(12,987,824)	(16,810,249)	3,822,425	3,989,456	20,799,705
Fund balance, beginning	12,987,824	16,810,249	(3,822,425)	16,995,182	184,933
Fund balance, end of year	$ -	$ -	$ -	$ 20,984,638	$ 20,984,638

See accompanying independent auditors' report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON
JUNE 30, 2026

Budgetary Information

Budgets are required by State law for all funds, except fiduciary funds. District Administration 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 programs 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 Directors 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 Chief Financial Officer. 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 District throughout the year. All appropriations lapse at the end of each fiscal year.

General Fund Budgetary Highlights

Original budget compared to final budget. The most significant differences between the original and final budget were as follows:

Revenue source	Original Budget	Final Budget	Difference
Local Sources	9,933,957	10,335,157	401,200
State Sources	89,899,589	88,701,574	(1,198,015)
Federal Sources	38,238,000	37,959,597	(278,403)

Expenditures	Original Budget	Final Budget	Difference
Instruction	66,073,559	67,118,610	(1,045,051)
Supporting Services	12,967,872	13,377,769	(409,987)

The FY2026 budget was amended to reflect adjustments to local revenue and an increase in miscellaneous revenue associated with locally awarded grant funds. The budget was also revised to reflect actual student enrollment, which was lower than the enrollment projected in the original budget assumptions. As a result, State Equalization Funding decreased by $1,043,660. Additionally, state grant funding decreased by $382,923, while special education funding increased by $228,568.

Expenditures were adjusted to address student and operational needs. Contracted Special Education Services increased by $613,110 to support higher than anticipated special education requirements. The budget for instructional supplies and materials increased by $361,585 to fund curriculum purchases and other student-related needs. Operations and maintenance expenditures were increased by $421,700 to support infrastructure needs through contracted services.

During the fiscal year, there was no need for any significant amendments to increase either the original estimated revenues or the original budgeted expenditures. However, budget amendments were made to reallocate appropriations among functions to better align expenditures with actual operational needs and the planned use of fund balance.

Final budget compared to actual results. The most significant differences between the final budget and actual results were as follows:

Revenue source	Final Budget	Actual revenues	Difference
Local Sources	10,335,157	11,356,224	1,021,067
State Sources	88,701,574	89,400,345	698,771
Federal Sources	37,959,597	41,403,553	3,443,957

Expenditures	Final Budget	Actual expenditures	Difference
Instruction	67,118,610	65,990,878	1,127,732
Supporting Services	12,747,070	11,972,671	774,399

Actual local revenue exceeded the final budget by $1,021,067, primarily due to higher-than-anticipated property tax collections and interest earnings. Actual state revenue exceeded the final budget by $698,771, primarily due to increased preschool funding. Actual federal revenue exceeded the final budget by $3,443,957, primarily due to Impact Aid funding increasing by approximately $3.4 million.

Instructional expenditures were $1,127,732 below the final budget, primarily due to teacher and paraprofessional vacancies. Support services expenditures were also below budget by $774,399, largely attributable to staffing vacancies throughout the year.

	Budgeted Expenditures	Actual Expenditures	Difference
Instruction	67,118,610	65,990,878	1,127,732
Counselors & SPED support	12,747,070	11,972,671	774,399
Curriculum, Media & Staff Development	4,336,655	4,773,251	(436,596)
Board of Education, Legal, PR & Superintendent	1,676,739	1,703,204	(26,465)
School Administration	9,537,001	9,129,898	407,103
Business Support & Internal Operations	2,045,164	1,741,342	303,822
Operations Maintenance	13,377,769	13,652,920	(275,151)
Transportation	6,229,085	6,228,797	288
Personnel & Information Systems	5,539,017	5,416,765	122,252
Community Services	1,955,837	1,838,508	117,329
Debt Service	112,432	112,432	-
Reserves	13,521,198	-	13,521,198
TOTAL EXPENDITURES	138,196,577	122,560,666	15,635,911


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Other Supplementary Information

EL PASO COUNTY SCHOOL DISTRICT NO. 8
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2026

	Food Service Fund	Designated Purpose Grants Fund	Pupil Activity Fund	Capital Projects Fund	Totals
ASSETS					
Cash and investments	$ 1,674,964	$ 10,491	$ 783,866	$ 1,333,860	$ 3,803,181
Intergovernmental receivables	484,054	456,712	-	-	940,766
Accounts receivable	-	-	9,268	-	9,268
Prepaid expenditures	-	-	-	-	-
Inventories	33,900	-	-	-	33,900
TOTAL ASSETS	$ 2,192,918	$ 467,203	$ 793,134	$ 1,333,860	$ 4,787,115
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	$ 68,563	$ 10,313	$ 22,468	$ -	$ 101,344
Accrued salaries and benefits	-	200,898	-	-	200,898
Due to other funds	91,541	255,992	-	-	347,533
Unearned revenues	21,993	-	-	-	21,993
TOTAL LIABILITIES	182,097	467,203	22,468	-	671,768
FUND BALANCE					
Nonspendable					
Inventories	33,900	-	-	-	33,900
Prepaid expenditures	-	-	-	-	-
Assigned					
Food service	1,976,921	-	-	-	1,976,921
Pupil Activities	-	-	770,666	-	770,666
Capital projects	-	-	-	1,333,860	1,333,860
TOTAL FUND BALANCE	2,010,821	-	770,666	1,333,860	4,115,347
TOTAL LIABILITIES AND FUND BALANCE	$ 2,192,918	$ 467,203	$ 793,134	$ 1,333,860	$ 4,787,115

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, 2026

	Food Service Fund	Designated Purpose Grants Fund	Pupil Activity Fund	Capital Projects Fund	Totals
REVENUES					
Local sources	$ 238,924	$ -	$ 1,370,092	$ 13,812	$ 1,622,828
State sources	2,184,677	-	-	6,089	2,190,766
Federal sources	3,305,110	2,954,020	-	-	6,259,130
TOTAL REVENUES	5,728,711	2,954,020	1,370,092	19,901	10,072,724
EXPENDITURES					
Current					
Instruction	-	2,148,987	1,353,340	379,352	3,881,679
Instructional support	-	672,151	-	-	672,151
Central Support Services	-	92,668	-	2,165,916	2,258,584
Community and food services	6,315,122	40,214	-	-	6,355,336
Debt Service					
Principal retirement	-	-	-	252,927	252,927
Interest and fees	-	-	-	4,157	4,157
TOTAL EXPENDITURES	6,315,122	2,954,020	1,353,340	2,802,352	13,424,834
Excess (deficiency) of revenues over expenditures	(586,411)	-	16,752	(2,782,451)	(3,352,110)
OTHER FINANCING SOURCES					
Transfers in	-	-	-	3,010,000	3,010,000
TOTAL OTHER FINANCING SOURCES	-	-	-	3,010,000	3,010,000
Net change in fund balance	(586,411)	-	16,752	227,549	(342,110)
Fund balance, beginning of year	2,597,232	-	753,914	1,106,311	4,457,457
Fund balance, end of year	$ 2,010,821	$ -	$ 770,666	$ 1,333,860	$ 4,115,347

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DSTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local sources	$ 283,000	$ 283,000	$ 238,924	$ (44,076)
State sources	3,977,920	3,977,920	2,184,677	(1,793,243)
Federal sources	1,236,717	1,236,717	3,305,110	2,068,393
TOTAL REVENUES	5,497,637	5,497,637	5,728,711	231,074
EXPENDITURES				
Salaries	64,800	135,761	95,061	40,700
Employee benefits	14,860	42,400	30,048	12,352
Purchased Services	2,489,409	2,489,409	2,975,234	(485,825)
Supplies	2,707,482	2,707,482	2,723,935	(16,453)
Equipment	-	-	365,844	(365,844)
Other	84,000	84,000	125,000	(41,000)
Contingency	1,906,819	2,635,817	-	2,635,817
TOTAL EXPENDITURES	7,267,370	8,094,869	6,315,122	1,779,747
Excess (deficiency) of revenues over expenditures	(1,769,733)	(2,597,232)	(586,411)	2,010,821
Fund balance, beginning of year	1,769,733	2,597,232	2,597,232	-
Fund balance, end of year	$ -	$ -	$ 2,010,821	$ 2,010,821

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, 2026

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Federal sources	$ 2,942,488	$ 3,170,938	$ 2,954,020	$ (216,918)
TOTAL REVENUES	2,942,488	3,170,938	2,954,020	(216,918)
EXPENDITURES				
Salaries	2,020,364	1,915,657	1,864,793	50,864
Employee benefits	652,175	602,485	630,946	(28,461)
Purchased Services	222,528	449,626	310,937	138,689
Supplies	41,421	97,106	74,725	22,381
Other	6,000	106,064	72,619	33,445
TOTAL EXPENDITURES	2,942,488	3,170,938	2,954,020	216,918
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, 2026

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUE				
Local sources	$ 1,098,000	$ 1,098,000	$ 1,370,092	$ 272,092
EXPENDITURES				
Supplies	1,075,000	789,283	1,353,340	(564,057)
Contingency	630,754	1,062,631	-	1,062,631
TOTAL EXPENDITURES	1,705,754	1,851,914	1,353,340	498,574
Excess (deficiency) of revenues over expenditures	(607,754)	(753,914)	16,752	770,666
Net change in fund balance	(607,754)	(753,914)	16,752	770,666
Fund balance, beginning of year	607,754	753,914	753,914	-
Fund balance, end of year	$ -	$ -	$ 770,666	$ 770,666

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local sources	$ 550,000	$ 550,000	$ 214,736	$ (335,264)
Federal Sources	1,000,000	1,000,000	-	(1,000,000)
TOTAL REVENUES	1,550,000	1,550,000	214,736	(1,335,264)
EXPENDITURES				
Current				
Salaries and benefits	236,237	236,237	236,911	(674)
Capital outlay				
Facilities acquisition and construction	13,676,000	14,046,653	15,444,269	(1,397,616)
Debt service				
Principal	1,890,000	1,890,000	1,890,000	-
Interest and fees	1,199,290	1,249,290	1,205,707	43,583
Contingency	3,445,237	4,757,484	-	4,757,484
TOTAL EXPENDITURES	20,446,764	22,179,664	18,776,887	3,402,777
Excess (deficiency) of revenues over expenditures	(18,896,764)	(20,629,664)	(18,562,151)	2,067,513
OTHER FINANCING SOURCES				
Transfer from the General Fund	12,600,000	12,600,000	12,600,000	-
TOTAL OTHER FINANCING SOURCES	12,600,000	12,600,000	12,600,000	-
Net change in fund balance	(6,296,764)	(8,029,664)	(5,962,151)	2,067,513
Fund balance, beginning of year	6,296,764	8,029,664	8,029,664	-
Fund balance, end of year	$ -	$ -	$ 2,067,513	$ 2,067,513

See accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 8
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local sources	$ 12,000	$ 12,000	$ 13,812	$ 1,812
State sources	-	-	6,089	6,089
TOTAL REVENUES	12,000	12,000	19,901	7,901
EXPENDITURES				
Purchased Services	624,000	726,434	486,453	239,981
Equipment	867,800	742,900	404,650	338,250
Capital Outlay	558,000	1,606,062	1,654,165	(48,103)
Debt Service				
Principal	252,843	252,843	252,927	(84)
Interest and fees	4,157	4,157	4,157	-
Contingency	960,234	2,220,915	-	2,220,915
TOTAL EXPENDITURES	3,267,034	5,553,311	2,802,352	2,750,959
Excess (deficiency) of revenues over expenditures	(3,255,034)	(5,541,311)	(2,782,451)	2,758,860
OTHER FINANCING SOURCES				
Transfer from the General Fund	2,610,000	3,010,000	3,010,000	-
TOTAL OTHER FINANCING SOURCES	2,610,000	3,010,000	3,010,000	-
Net change in fund balance	(645,034)	(2,531,311)	227,549	2,758,860
Fund balance, beginning of year	645,034	2,531,311	1,106,311	(1,425,000)
Fund balance, end of year	$ -	$ -	$ 1,333,860	$ 1,333,860

See accompanying independent auditors' report.

Compliance Section


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Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2026, 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 October 30, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on 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.



Colorado Springs, Colorado
October 30, 2026

State Compliance


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Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2026, which collectively comprise El Paso County School District No. 8's basic financial statements, and our report thereon dated October 30, 2026, which expressed an unmodified opinion on those financial statements, 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
October 30, 2026

Colorado Department of Education

Auditors Integrity Report

District: 1000 - Fountain 8

Fiscal Year 2025-26

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	16,902,160	124,393,889	120,633,068	20,662,981
18 Risk Mgmt Sub-Fund of General Fund	93,021	2,156,233	1,927,597	321,657
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	**16,995,181**	**126,550,122**	**122,560,665**	**20,984,638**
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	2,597,232	5,728,711	6,315,122	2,010,821
22 Govt Designated-Purpose Grants Fund	0	2,954,020	2,954,020	0
23 Pupil Activity Special Revenue Fund	753,914	1,370,092	1,353,340	770,666
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	8,029,664	12,814,736	18,776,887	2,067,513
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,106,311	3,029,901	2,802,352	1,333,861
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	**29,482,301**	**152,447,582**	**154,762,385**	**27,167,498**
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

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.