

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
CENTER, COLORADO**

FINANCIAL STATEMENTS

June 30, 2016



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**Wall,
Smith,
Bateman** Inc.
Certified Public Accountants

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
CENTER, COLORADO**

FINANCIAL STATEMENTS

June 30, 2016

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
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Wall,
Smith,
Bateman Inc.

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Center Consolidated School District 26JT
Center, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Center Consolidated School District 26JT (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Certified Public Accountants

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension information on pages 4–11 and 37–40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial schedules and the Colorado School District Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 7, 2016

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

As management for the Center Consolidated School District 26 JT we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016.

Financial Highlights

Total Net Position as of June 30, 2015 was \$14,895,037 . Total Net Position as of June 30, 2016 was \$14,171,592 , a decrease of \$723,445 . Major changes to Net Position include the implementation of GASB 68 which requires cost-sharing employers participating in the Public Employees' Retirement Association to include its proportionate share of the net pension liability. Other changes to Net Position include depreciation on non-current assets.

Total General Fund revenues for Fiscal Year 2016 came in at \$6,805,156 an increase of \$364,561 from Fiscal Year 2015. State Sources brought in total revenues of \$4,999,565 , which includes a total of 4,481,752 in State Equalization (Per Pupil Funding). Local sources of income came in at \$1,226,237 and Federal Sources brought in \$561,705 of which is primarily from Secure Rural Services Funding received from the counties. Funding from this Federal Source is not secure in 2016-2017 or subsequent fiscal years.

Total General Fund expenditures for the Fiscal Year 2016 were \$6,646,716, a decrease of \$172,907 as compared to June 30, 2015. Contributing to this decrease in expenditures includes a reduction of \$133,529 in General Administration Supporting Services. Debt Service payments also shows a decrease of \$29,876 as compared to June 30, 2015. The District completed payments for the Technology Equipment Lease/Purchase Agreement in Fiscal Year 2016, However, it is important to state that lease purchase payments for the construction of the bus garage and administration building will terminate after Fiscal Year 2018; and, the Lease Purchase Agreement for the cost of two buses and two vehicles will be completed in Fiscal Year 2020.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- Ø The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- Ø The remaining statements are fund financial statements that focus on individual funds of the District, reporting the District's operations in more detail than the district-wide statements.
- Ø The governmental funds statements tell how basic services such as instruction were financed in the short-term as well as what remains for future spending

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

- Ø Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net Position (the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources) are one way to measure the District's financial position.

- Ø Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating.
- Ø To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school facilities.

In the district-wide financial statements, the District's activities are divided into one category:

- Ø **Governmental activities** - Most of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. These activities are financed mainly through property taxes and state equalization funds.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the District establishes many other funds to help it manage and control its finances to achieve certain results.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

The District uses two types of funds:

- Ø **Governmental funds-** Most of the District's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information on the accompanying schedules of the governmental funds statements explains the relationship (or difference) between them.

- Ø **Fiduciary funds-** The District is the agent, or fiduciary, for assets that belong to others, such as the Pupil Activity Agency Fund. The District is responsible for ensuring that the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Analysis of District Financial Position

The Center Consolidated School District ended the 2015-2016 fiscal year with a General Fund – fund balance of \$645,084, an increase of \$101,339 as compared to the Fiscal Year 2015 ending fund balance of \$543,745.

Center Schools has in the past experienced significant fluctuations in student population, making the revenue budgeting process somewhat precarious. However, during the past several fiscal years student population has continued to trend upward, allowing the District to receive more per pupil operating revenue. The District continues to work hard to procure grants and to fight for additional operating revenues, including the acquisition of continued Expelled and At-Risk Student Services Grant funding, and other more minor grants. Unfortunately it is unknown if SRS (Secured Rural Services) funding will continue for the 2016-2017 School Year and the long-term outlook for this stream of SRS dollars is unstable. The District will receive a minor increase in per pupil funding during the 2016-2017 fiscal year, but will receive continued funding due to more dollars coming in to serve English Language Learners, per pupil funding based on continued student population increase. Extra dollars are made available through the attainment of a Marijuana grant aimed at supporting students physical and mental health services. The District will also receive funding from the Early Literacy Grant in Fiscal Year 2017 which is designed to ensure that the essential components of reading instruction are embedded into all elements of the primary K-3 teaching structures in all schools, including universal and target and intensive instructional interventions, to assist all students in achieving reading competency.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

Analysis of Balances and Transactions of Individual Funds

General Fund: The 2015-2016 fiscal year ending fund balance of \$645,084 represents an increase of \$101,339 from the previous fiscal year's ending fund balance of \$543,745.

Exclusive of budgeted reserves, Center's expenditures came in \$352,404 under budget. All major programs came in under budget for the Fiscal Year 2016. However, Total Revenues were reduced by \$400,628 as compared to the Original Fiscal Year Budget. The factors related to this mass reduction were over estimations of SRS Funds and State Equalization. Although the District received an additional \$170,752 in Small Rural Schools Revenue, the District was hit with an additional loss of \$132,250 in State Equalization Funds due to the decisions of the legislature. Despite the major losses of funding in Fiscal Year 2016, the District still managed a growth of \$101,330 in ending Fund Balance as compared to Fiscal Year 2015.

GDPG Fund: Our GDPG Fund revenues for 2015-2016 were \$1,054,801, a decrease of \$303,179 from 2014-2015 revenues of \$1,357,980. The District continues to search and receive various grants that will help to subsidize many programs.

Food Service: Total operating and non-operating income for the fiscal year 2015-2016 was \$382,193. The Food Service Fund received \$55,104 of Operating Transfers from the General Fund for the fiscal year 2016. Total operating expenses for the 2015-2016 School Year were \$433,829. The Food Service Fund moved from a Proprietary Fund to a Special Revenue Fund in the Fiscal Year 2015. Ending Fund Balance in the Food Service Fund at June 30, 2016 was \$15,383, an increase of \$3,468 from the Beginning Fund Balance of \$11,915 at June 30, 2015.

Student Activity Fund: Total expenditures from the Student Activity Fund for 2015-2016 were \$55,903, an increase of \$311 from the Fiscal Year 2014-2015. The Special Revenue Pupil Activity Fund continues to see expenditures increase primarily due to referee payments and other athletic costs. However, only \$1,997 in Subsidy Transfers from the General Fund were made during the 2015-2016 school year. The Student Activity Special Revenue Fund continues to see increased revenues due to gate receipts at athletic activities.

Bond Redemption Fund: Total Revenues for the Bond Redemption Fund were \$352,495; and, Total Expenditures were \$346,465 at June 30, 2016. The Bond Redemption Fund had an ending fund balance of \$307,357 at June 30, 2016. The Bond Redemption Fund is a debt service fund used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on long-term general obligation debt or long-term voter-approved lease purchase debt. A third party financial institution is the custodian of these funds.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

Condensed Financial Information

Condensed Statement of Changes in Net Position
For the year ended June 30, 2016 and 2015

	2016		2015	
	Governmental		Governmental	
	Activities		Activities	
Beginning Net Position	\$ 14,895,037		\$ 28,729,164	
Revenues				
Program revenues				
Charges for services	59,651		69,130	
Operating grants & contributions	2,560,825		2,584,541	
Capital grants & contributions	42,499		56,479	
General revenues				
Property taxes	1,158,760		1,156,596	
Other taxes	158,547		158,143	
State equalization	4,481,752		4,335,648	
Other	186,517		200,576	
Total Revenues	8,648,551		8,561,113	
Expenses				
Instruction	5,209,423		4,914,967	
Pupil and Instructional services	1,187,330		1,495,397	
Administration and business	949,708		1,113,390	
Maintenance and operations	789,739		785,591	
Transportation	300,590		291,272	
Food Service	483,990		467,231	
Interest on Long-Term Debt	181,332		192,633	
Facilities Acquisition & Constr	-		-	
Other	269,884		84,171	
Total Expenses	9,371,996		9,344,652	
Increase (decrease) in net position before Transfers	(723,445)		(783,539)	
Transfers	-		-	
Change in Accounting Principle	-		(13,050,588)	
Increase (decrease) in net position	(723,445)		(13,834,127)	
Ending Net Position	\$ 14,171,592		\$ 14,895,037	

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

Condensed Financial Information (continued)

Condensed Statement of Changes in Net Position
For the year ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
	Governmental	Governmental
	Activities	Activities
Assets		
Current assets	\$ 1,628,426	\$ 1,554,089
Capital assets	<u>31,515,702</u>	<u>32,354,224</u>
Total Assets	33,144,128	33,908,313
Deferred Outfl of Resources	1,879,826	
Liabilities		
Current liabilities	1,066,368	1,121,405
Noncurrent liabilities	<u>18,965,344</u>	<u>17,903,129</u>
Total Liabilities	20,031,712	19,024,534
Deferred Infl of Resources	820,650	688,203
Net Position		
Capital Assets	27,201,435	27,638,685
Net Investment	-	-
Restricted for Preschool	308,319	309,591
Restricted for Debt	307,357	301,327
Restricted for TABOR	195,000	195,000
Unrestricted	<u>(13,840,519)</u>	<u>(13,549,566)</u>
Total Net Position	\$ 14,171,592	\$ 14,895,037

Description of Capital Assets

The bulk of our capital assets lie in buildings and equipment. By July 2012 our previous facilities had been demolished and we were moving into a brand new PK-12 facility valued at 31 million dollars.

Long term debt as of June 30, 2016 totaled \$4,376,744. Of this amount, \$3,862,871 is in the form of General Obligation Bonds for construction of a new school; \$451,396 in the form of a lease purchase construction agreement for building a new transportation facility, auditorium and administrative office complex and lease funding for the purchase of two new buses and two new vans. In addition, there were compensated absences payables of \$62,477.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

Capital Assets at June 30, 2016

	2016	2015
	Governmental Activities	Governmental Activities
Land	\$ 69,214	\$ 69,214
Construction in Progress	-	-
Land Improvements	1,943,645	2,047,536
Infrastructure	56,929	48,255
Equipment	957,125	1,335,153
Buildings	28,488,789	28,854,066
Total	\$ 31,515,702	\$ 32,354,224

Currently Known Facts that are Expected to Have a Future Material Effect

High stakes testing, increasing expectations for student achievement, and required implementation of unfunded reform mandates by both the State of Colorado and the Federal Government will continue to effect where we prioritize our future expenditures. However, for the first time in history the Center School District is fully accredited by the State of Colorado. This will allow the District much more flexibility in where it invests its academic improvement dollars.

The pressure to continue to raise student achievement to meet the requirements of state accreditation and community desires will require us to continue to invest tremendously in staff salaries for highly qualified teachers and in staff development targeted at meeting the improvement strategies we have identified through analysis of our annual student achievement results.

This pressure for increased student performance also weighs against the fact that our student population is highly at-risk and we still do not receive adequate dollars to achieve sustained growth.

Our outdated facilities issue has been fully addressed through a Colorado BEST grant, though we will want to continue to be mindful about revising our operations budget to address maintenance needs long into the future, and to establish a significant repair reserve fund.

Staffing is currently being run at a level that is somewhat conducive to good education practices. However, with so much funding tied to soft dollars such as federal grants and SRS we will need to continue to take a close look at what level of staffing we can afford as dollars continue to go away.

As always, we expect we will continue to be asked to do more with less. Doing so will continue to put a strain on our ability to maintain required reserves and to continue on our path to a more healthy financial outlook.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

Budget Variations That Are Expected to Have a Significant Effect on Future Services/Liquidity

Although the District was faced with major revenue losses in State Equalization and SRS Funds, the District will continue to monitor all available revenue streams as it proceeds with its future financial planning.

The District will strive to meet the needs of the children of this community and stands by its guarantee to each child to provide an exceptional education from the programs and funding available.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Center School District 26JT, Center, Colorado 81125 or call 719-754-3442.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT

BASIC FINANCIAL STATEMENTS

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 605,068
Accounts Receivable	44,457
Due from Other Governments	952,606
Prepaid Expenses	10,704
Inventories	15,591
Total Current Assets	1,628,426
Noncurrent Assets	
Capital Assets	
Land	69,214
Land Improvements	2,475,797
Buildings	30,629,009
Equipment	2,954,586
Infrastructure	91,517
Less Accumulated Depreciation	(4,704,421)
Total Noncurrent Assets	31,515,702
TOTAL ASSETS	33,144,128
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	1,879,826
Current Liabilities	
Accrued Interest Payable	21,933
Accounts Payable	4,284
Accrued Salaries and Benefits	589,189
Due to Other Governments	290
Unearned Grant Revenue	63,195
General Obligation Bonds	191,744
Compensated Absences	1,595
Lease Purchase Agreements	194,138
Total Current Liabilities	1,066,368
Noncurrent Liabilities	
General Obligation Bonds	3,671,127
Lease Purchase Agreements	257,258
Compensated Absences	60,882
Pension Liability	14,976,077
Total Noncurrent Liabilities	18,965,344
TOTAL LIABILITIES	20,031,712
DEFERRED INFLOWS OF RESOURCES	
Pensions	820,650
NET POSITION	
Net Investment in Capital Assets	27,201,435
Restricted for:	
TABOR	195,000
Preschool	308,319
Debt Service	307,357
Unrestricted	(13,840,519)
TOTAL NET POSITION	\$ 14,171,592

The accompanying notes are an integral part of this financial statement.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Revenue and Changes in Net Position
					Primary Government
Primary Government:					
Governmental Activities:					
Instructional Program	\$ 5,209,423	\$ 8,299	\$ 1,565,720	\$ 42,499	\$ (3,592,905)
Student Supporting Services	451,557	43,541	465,281	-	57,265
Instructional Staff Supporting Services	735,773	-	60,321	-	(675,452)
General Administration Supporting Services	258,215	-	-	-	(258,215)
School Administration Supporting Services	522,709	-	-	-	(522,709)
Business Supporting Services	168,784	-	-	-	(168,784)
Operations & Maintenance of Plant Services	789,739	675	-	-	(789,064)
Student Transportation Services	300,590	-	48,765	-	(251,825)
Central Supporting Services	122,957	-	-	-	(122,957)
Non-Instructional Parent	64,421	-	-	-	(64,421)
Community Services	82,506	-	37,378	-	(45,128)
Food Services	483,990	7,136	383,360	-	(93,494)
Interest on Long-term Debt	181,332	-	-	-	(181,332)
Total Governmental Activities	9,371,996	59,651	2,560,825	42,499	(6,709,021)
Total Primary Government	\$ 9,371,996	\$ 59,651	\$ 2,560,825	\$ 42,499	(6,709,021)
General Revenues:					
Taxes:					
					1,158,760
					158,544
					3
					4,481,752
					186,517
					5,985,576
					Change in Net Position
					(723,445)
					Net Position, Beginning of Year
					14,895,037
					Net Position, End of Year
					\$ 14,171,592

The accompanying notes are an integral part of this financial statement.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2016

	GENERAL FUND	SPECIAL REVENUE FUND GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	DEBT SERVICE FUND BOND REDEMPTION FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 301,278	\$ 14,789	\$ 284,606	\$ 4,395	\$ 605,068
Accounts Receivable	37,372	192	4,492	2,401	44,457
Due from Other Funds	197,739	-	-	-	197,739
Due from Other Governments	660,140	268,505	18,259	5,702	952,606
Prepaid Expenses	10,704	-	-	-	10,704
Inventories	-	-	-	15,591	15,591
TOTAL ASSETS	\$ 1,207,233	\$ 283,486	\$ 307,357	\$ 28,089	\$ 1,826,165
LIABILITIES					
Accounts Payable	\$ 24	\$ 4,260	\$ -	\$ -	\$ 4,284
Accrued Salaries and Benefits	562,125	14,358	-	12,706	589,189
Due to Other Funds	-	197,739	-	-	197,739
Due to Other Governments	-	290	-	-	290
Unearned Grant Revenue	-	63,195	-	-	63,195
TOTAL LIABILITIES	562,149	279,842	-	12,706	854,697
FUND BALANCE					
Nonspendable	-	-	-	15,591	15,591
Restricted for:					
TABOR 3% Reserve	195,000	-	-	-	195,000
Preschool	308,319	-	-	-	308,319
Debt Service	-	-	307,357	-	307,357
Committed for:					
Grants	-	3,644	-	-	3,644
Assigned:					
Designated for Subsequent Years	141,765	-	-	-	141,765
Unassigned:					
Food Services	-	-	-	(208)	(208)
TOTAL FUND BALANCE	645,084	3,644	307,357	15,383	971,468
TOTAL LIABILITIES AND EQUITY	\$ 1,207,233	\$ 283,486	\$ 307,357	\$ 28,089	\$ 1,826,165

The accompanying notes are an integral part of this financial statement.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2016

Total governmental fund balances		\$ 971,468
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 in the funds.		31,515,702
Deferred results and contributions to pension plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position.		1,879,826
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Refunding Bonds	\$ (3,862,871)	
Accrued Interest Payable	(21,933)	
Lease Purchase Agreements	(451,396)	
Compensated Absences	<u>(62,477)</u>	
		(4,398,677)
Net pension liabilities are not due and payable in the current period and are not reported in the funds.		(14,976,077)
Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds.		<u>(820,650)</u>
Net position of governmental activities		<u><u>\$ 14,171,592</u></u>

The accompanying notes are an integral part of this financial statement.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
For the Year Ended June 30, 2016**

	GENERAL FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	BOND REDEMPTION FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Federal Sources	\$ 561,705	\$ 502,179	\$ -	\$ 371,895	\$ 1,435,779
State Sources	4,999,565	355,158	-	3,162	5,357,885
Local Sources	1,226,237	188,438	352,495	61,042	1,828,212
Intermediate Sources	17,649	9,026	-	-	26,675
TOTAL REVENUES	6,805,156	1,054,801	352,495	436,099	8,648,551
EXPENDITURES					
Instructional Program	3,572,340	575,887	-	55,903	4,204,130
Student Supporting Services	178,654	255,214	-	-	433,868
Instructional Staff Supporting Services	550,721	145,810	-	-	696,531
General Administration Supporting Services	267,188	10,000	-	-	277,188
School Administration Supporting Services	466,294	21,542	-	-	487,836
Business Supporting Services	157,566	-	-	-	157,566
Operations and Maintenance of Plant Services	752,043	-	-	-	752,043
Student Transportation Services	228,274	8,982	-	-	237,256
Central Supporting Services	122,957	-	-	-	122,957
Non-Instructional Parent	60,388	-	-	-	60,388
Community Services	49,410	29,063	-	-	78,473
Food Services	-	8,303	-	433,829	442,132
Debt Service	240,881	-	346,465	-	587,346
TOTAL EXPENDITURES	6,646,716	1,054,801	346,465	489,732	8,537,714
Excess (deficiency) of revenues over expenditures	158,440	-	6,030	(53,633)	110,837
OTHER FINANCING SOURCES (USES)					
Transfer from Other Funds	-	-	-	57,101	57,101
Transfer to Other Funds	(57,101)	-	-	-	(57,101)
TOTAL OTHER FINANCING SOURCES (USES)	(57,101)	-	-	57,101	-
Net Change in Fund Balance	101,339	-	6,030	3,468	110,837
FUND BALANCE, Beginning of Year	543,745	3,644	301,327	11,915	860,631
FUND BALANCE, End of Year	\$ 645,084	\$ 3,644	\$ 307,357	\$ 15,383	\$ 971,468

The accompanying notes are an integral part of this financial statement.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Net change in fund balances - total governmental funds \$ 110,837

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the fixed asset activity.

Capital asset additions	\$ 94,233	
Depreciation expense	<u>(932,755)</u>	(838,522)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Principal payment on general obligation bonds	184,224	
Principal payment on lease purchase agreement	217,048	
Change in accrued interest payable	<u>4,742</u>	406,014

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 governmental funds.

Compensated absences		18,381
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Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension expense.

		<u>(420,155)</u>
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Change in net position of governmental funds \$ (723,445)

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
FIDUCIARY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2016

	PUPIL ACTIVITY AGENCY FUND
ASSETS	
Cash	\$ 105,812
Accounts Receivable	2,305
TOTAL ASSETS	\$ 108,117
 LIABILITIES	
Pupil Activities Deposits	\$ 108,117
TOTAL LIABILITIES	\$ 108,117

The accompanying notes are an integral part of this financial statement.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

REPORTING ENTITY

Primary Government

Center Consolidated School District 26JT is a public school as established by Colorado State Statute. The District is declared to be a corporate body with perpetual existence and in its name may hold property, sue and be sued, and be a party to contracts for any purpose authorized by law. Members of the school board are voted on at large by the registered, qualified electors of the District. Taxes are levied upon all taxable property within the District's boundaries by the County Commissioners. The County Treasurer collects the taxes and remits them to the District. The District also receives State and Federal funds. The school board has the authority to issue bonds up to 20% of the latest assessed valuation of the taxable property in the District. The board also has authority to select the depository of District funds and acquire short-term loans.

Component Units

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- § The organization is legally separate (can sue and be sued in their own name)
- § The District holds the corporate powers of the organization
- § The District appoints a voting majority of the organization's board
- § The District is able to impose its will on the organization
- § The organization has the potential to impose a financial benefit/burden on the District
- § There is fiscal dependency by the organization on the District
- § The organization is financially accountable to the District
- § The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District.

Based on the aforementioned criteria, the Center Consolidated School District 26JT has no component units.

GOVERNMENT -WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide statements report information on all of the activities of the District, except for District fiduciary activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

The Statement of Activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- § Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and
- § Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds, if any, are aggregated and reported as nonmajor funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally 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.

The District reports the following major governmental funds:

- § The *General Fund* is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- § The *Governmental Designated Purpose Grants Fund* is used to record financial transactions for grants received for designated programs funded by federal, state, or local governments.
- § The *Bond Redemption Fund* is a debt service fund used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on long-term general obligation debt or long-term voter-approved lease-purchase debt.

Fiduciary fund financial statements consist of the Agency Fund established to record transactions relating to assets held by the District in a trustee capacity or as an agent for student organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with maturity of three months or less.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The School District's property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized when received by the County Treasurer .

Receivables/Payables From Other District Funds

Balances that originate from current lending/borrowing arrangements between funds are referred to as "Due To/From Other Funds".

Inventories

Purchased inventories are stated at cost and consist of supplies and food to be used within one year. Donated inventory is priced at the U.S. Department of Agriculture established values.

USDA Commodities

The Food Service Fund receives donated commodities to use in meal preparation from the U.S. Department of Agriculture. The value of these commodities received during the year is shown as income, and the value of commodities used is shown as an expenditure .

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital Assets, which include land, land improvements, buildings, equipment, vehicles, and construction in progress are reported in the applicable governmental activities columns in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Assets	Years
Land Improvements	15-60
Buildings	6-80
Machinery & Equipment	5-20

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Compensated Absences

Teachers, administrative staff and full time classified staff of the District can accumulate up to 60 days of sick leave. Upon retirement from the District, a teacher will receive the certified substitute teacher's rate per day for each sick day accumulated. For departure other than retirement, the teacher will be paid for accumulated sick days up to 36 days at 50% of the substitute teacher rate, and at 75% of the substitute teacher rate for the remaining accumulated days.

Unearned Grant Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applied to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditures) until that period.

In addition to liabilities, the balance sheet reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until that period.

Certain amounts related to pensions must be deferred.

Pensions

The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- § *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings 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 should be included in this component of net position.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

- § *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- § *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- § *Nonspendable Fund Balance* - amounts that cannot be spent because they are not in spendable form, such as inventory and prepaid insurance.
- § *Restricted Fund Balance* - restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- § *Committed Fund Balance* - amounts that can only be used for specific purposes as a result of constraints imposed by resolution of the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removed those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- § *Assigned Fund Balance* - amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the governing body delegates the authority.
- § *Unassigned Fund Balance* - amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/ fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

Encumbrances

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Center Consolidated School District 26JT follows the procedures set forth in the Colorado School District Budget Law when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than June 1 of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution.

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Board of Education adopted supplemental appropriations during fiscal year 2016.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget if applicable.

NOTE 3 CASH AND DEPOSITS

A summary of Cash and Deposits for the District are as follows:

Cash in Bank	\$	426,274
Cash Held in Trust		284,606
Less: Amounts Related to Agency Funds		<u>(105,812)</u>
Total Cash and Deposits	\$	<u><u>605,068</u></u>

Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds 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 102% of the aggregate uninsured deposits.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, \$392,453, of the District's bank balance of \$661,644 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 4 ACCOUNTS RECEIVABLE

Governmental activities accounts receivable at June 30, 2016, consisted of the following:

General Fund		
July and August 2016 Property Tax Collections	\$	12,983
Other		24,389
		37,372
Governmental Designated Purpose Grants Fund - Other		
		192
Bond Redemption Fund		
July and August 2016 Property Tax Collections		4,492
Nonmajor Fund - Other		2,401
	\$	44,457

NOTE 5 DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred. As of June 30, 2016, the District had \$952,606 due from federal, state, and local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables and Payables

The District reports interfund balances between some of its funds. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date. Interfund receivable and payable balances at June 30, 2016, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	GDPG	\$ 197,739

Interfund Transfers

Interfund transfers for the year ended June 30, 2016, were as follows:

Transfer In	Transfer Out	Amount
Pupil Activity Fund	General Fund	\$ 1,997
Food Service Fund	General Fund	55,104
		\$ 57,101

These transfers were made to subsidize the Pupil Activity Fund and the Food Service Fund.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

Governmental Activities	Balance 6/30/2015	Additions	Deletions	Balance 6/30/2016
Capital assets not being depreciated				
Land	\$ 69,214	\$ -	\$ -	\$ 69,214
Total capital assets not being depreciated	<u>69,214</u>	<u>-</u>	<u>-</u>	<u>69,214</u>
Capital assets being depreciated				
Land Improvements	2,454,917	20,880	-	2,475,797
Infrastructure	78,267	13,250	-	91,517
Buildings	30,583,091	45,918	-	30,629,009
Machinery & Equipment	3,028,901	14,185	88,500	2,954,586
Total capital assets being depreciated	<u>36,145,176</u>	<u>94,233</u>	<u>88,500</u>	<u>36,150,909</u>
Less accumulated depreciation for:				
Land Improvements	407,381	124,771	-	532,152
Infrastructure	30,012	4,576	-	34,588
Buildings	1,729,025	411,195	-	2,140,220
Machinery & Equipment	1,693,748	392,213	88,500	1,997,461
Total capital assets being depreciated	<u>3,860,166</u>	<u>932,755</u>	<u>88,500</u>	<u>4,704,421</u>
Total Capital Assets being depreciated, net	<u>32,285,010</u>	<u>(838,522)</u>	<u>-</u>	<u>31,446,488</u>
Governmental Activities, net	<u>\$ 32,354,224</u>	<u>\$ (838,522)</u>	<u>\$ -</u>	<u>\$ 31,515,702</u>

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

Governmental activities:	
Instructional Program	\$ 811,987
General Administration Supporting Services	25,947
Operations & Maintenance of Plant Services	16,520
Student Transportation Services	50,182
Food Services	<u>28,119</u>
Total depreciation expense - governmental activities	<u>\$ 932,755</u>

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 ACCRUED SALARIES AND BENEFITS

The teachers, administrators, and the administrative staff are employed under nine, ten, and eleven month contracts. All District employees are paid on a twelve-month basis; therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$589,189.

NOTE 9 OPERATING LEASES

The District has entered into several operating lease arrangements for several copy machines. These leases are considered for accounting purposes as operating leases. Lease expenses for the year totaled approximately \$15,995.

NOTE 10 LONG-TERM LIABILITIES

Changes in Long-Term Debt

Long-term liability balances for the year ended June 30, 2016, were as follows:

	Balance 6/30/2015	Additions	Deletions	Balance 6/30/2016	Due Within One Year
Governmental Activities					
G.O. Bonds Payable	\$ 4,047,095	\$ -	\$ 184,224	\$ 3,862,871	\$ 191,744
Lease Purchase Agreements	668,444	-	217,048	451,396	194,138
Compensated Absences	80,858	-	18,381	62,477	1,595
Total	\$ 4,796,397	\$ -	\$ 419,653	\$ 4,376,744	\$ 387,477

General Obligation Bonds

On December 16, 2010, the District issued general obligation bonds series 2010D-F in the amount of \$4,722,233 with an interest rate of 4.082% to be paid in full December 1, 2030. The bonds were issued for the District's match for the Building Excellent Schools Today Act (BEST) grant for the construction of a new school.

The annual debt service for the General Obligation Bonds is as follows:

	Principal	Interest	Totals
FY 2017	\$ 191,744	\$ 153,769	\$ 345,513
FY 2018	199,570	145,782	345,352
FY 2019	207,717	137,469	345,186
FY 2020	216,196	128,817	345,013
FY 2021	225,021	119,812	344,833
FY 2022-2026	1,270,618	450,578	1,721,196
FY 2027-2031	1,552,005	163,449	1,715,454
	\$3,862,871	\$1,299,676	\$5,162,547

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Lease Purchase Agreements

The District entered into a Lease and Purchase Option Agreement Lease dated August 17, 2008, to refinance two previous lease purchase agreements for land, renovations to the bus garage, and the new auditorium. The original financing was \$943,612 at an interest rate of 4.50%, of which \$21,143 was withheld for issuance costs. Payments are due annually, commencing August 17, 2008 through 2017, from the General Fund. The balance at June 30, 2016, was \$223,320. The cost of the buildings was \$1,224,370 and accumulated depreciation was \$190,623 at June 30, 2016.

The District entered into a lease purchase agreement dated August 16, 2013, to purchase technology equipment. The lease was for \$176,000 with an interest rate of 2.98%. Payments are due semiannually, commencing February 28, 2014 through 2018, from the General Fund. The balance at June 30, 2016 was \$30,483. The cost of the technology equipment was \$176,000 and accumulated depreciation was \$171,112 at June 30, 2016.

The District entered into a lease purchase agreement dated August 12, 2014, to purchase two buses and two vehicles. The lease was for \$276,016 with an interest rate of 2.88%. Payments are due semiannually, commencing March 1, 2015 through 2019, from the General Fund. The balance at June 30, 2016 was \$197,594. The cost of the two buses and two vehicles was \$276,016 and accumulated depreciation was \$36,804 at June 30, 2016.

The annual debt service for the Lease Purchase Agreements is as follows:

	Principal	Interest	Totals
FY 2017	\$ 194,138	\$ 15,805	\$ 209,943
FY 2018	170,148	8,855	179,003
FY 2019	57,657	2,097	59,754
FY 2020	29,453	423	29,876
	\$ 451,396	\$ 27,180	\$ 478,576

NOTE 11 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the School Division Trust Fund (SCHDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera - financial -reports](http://www.copera.org/investments/pera-financial-reports).

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

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

- § Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

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§ The value of the retiring employee’s member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve for the SCHDTF.

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 retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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. Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31,	
	2016	2015
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	-1.02%	-1.02%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.00%
	18.13%	17.33%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

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Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$773,605, for the year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of \$14,976,077 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District's proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2014 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, District's proportion was 0.10 percent, which was a decrease of 0.001 percent from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016 the District recognized pension expense of \$420,155. At June 30, 2016, the District 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	\$ 197,761	\$ 635
Net difference between projected and actual earnings on pension plan investments	1,277,468	-
Changes in assumptions	-	211,638
Changes in proportion	-	608,377
Differences between contributions recognized and share of contributions	1,654	-
Contributions subsequent to the measurement date	402,943	-
Total	<u>\$ 1,879,826</u>	<u>\$ 820,650</u>

\$402,943 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, 2017. 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,	
2017	13,087
2018	89,392
2019	292,632
2020	261,122
Thereafter	-

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Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA’s Board on November 13, 2012, and an economic assumption study, adopted by PERA’s Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation:

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Refinement of the 18-month annual increase timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The SCHDTF’s long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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As of the November 15, 2013 adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. Equity- Large Cap	26.76%	5.00%
U.S. Equity- Small Cap	4.40%	5.19%
Non U.S. Equity- Developed	22.06%	5.29%
Non U.S. Equity- Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	<u>100.00%</u>	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. 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, including 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 included 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor

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benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's 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 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension liability	\$ 19,413,373	\$ 14,976,077	\$ 11,285,075

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

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS

Health Care Trust Fund

Plan Description – The District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF 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 health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as

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June 30, 2016

amended. For the years ending June 30, 2016, 2015, and 2014, the District contributions to the HCTF were \$44,486, \$43,456 and \$43,203, respectively, equal to their required contributions for each year.

NOTE 13 DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

Plan Description - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the years ended June 30, 2016, program members contributed \$30,879, for the Voluntary Investment Program.

NOTE 14 JOINT VENTURES AND RELATED PARTIES

The District participates in the following entities. These joint ventures and related parties do not meet the criteria for inclusion within the reporting entity because the following entities:

- § are financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- § have a separate governing board from that of the District,
- § have a separate management which is responsible for day-to-day operations and is accountable to the separate governing board,
- § have governing boards and management with the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome for disposition of matters affecting the recipients of services provided, and
- § have absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

San Luis Valley Board of Cooperative Educational Services (BOCES)

The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The Board of the BOCES is selected from the elected members of the District Boards. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 7% at June 30, 2016. Complete separate financial statements may be obtained from BOCES.

Colorado School Districts' Self-Insurance Pool

The District belongs to the Colorado School Districts' Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of general liability, errors and omissions, automobile liability, auto physical damage, auto personal injury

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NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

protection, real and personal property, crime, and other coverage. The Board of Directors is composed of eight persons, several of who are appointed by the Board of Directors of CASB and the Executive Director of CASB. The pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the aggregate Pool claims, the cost of administrative and other operating expenses, the number of participants, the adequacy of both operating and reserve funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as expenditures in the General Fund. The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2016. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

NOTE 15 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

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

On November 3, 1998 voters approved a ballot which stated that the District is authorized to collect, retain and expend all revenues including grants and other funds collected during FY 1998 and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, provided, however, that no property tax mill levy be increased at any time nor shall any new tax be imposed without the prior approval of the voters.

The amendment also requires that Emergency Reserves be established. These reserves must be at least 3 percent of fiscal year spending. The District is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 16 COMMITMENTS AND CONTINGENCIES

The District participates in federal grant programs subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE 17 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. These risks are covered by commercial insurance purchased from the Colorado School Districts Self-Insurance Pool. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 18 PUPIL ACTIVITY AGENCY FUND BUDGET AND ACTUAL

The District is required by the Colorado School District Budget Law to budget for the District's Pupil Activity Agency Fund. In accordance with GAAP, however, there is not a statement of revenues and expenditures and changes in fund balance for agency funds to report the budget information, because agency funds do not recognize revenues, expenditures or fund balance in accordance with GAAP. Therefore, the budget and actual amounts for agency funds received and disbursed for the year ended June 30, 2016, are presented below:

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Agency Fund Receipts	\$ 187,200	\$ 187,200	\$ 165,380	\$ (21,820)
Agency Fund Disbursements	<u>(298,743)</u>	<u>(300,744)</u>	<u>(170,807)</u>	<u>129,937</u>
Increase (Decrease) in Student Activities Deposits	(111,543)	(113,544)	(5,427)	108,117
Beginning Balance of Student Activities Deposits	<u>111,543</u>	<u>113,544</u>	<u>113,544</u>	<u>-</u>
Ending Balance of Student Activities Deposits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,117</u>	<u>\$ 108,117</u>

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
REQUIRED SUPPLEMENTA RY INFORMATION

A budgetary comparison schedule is required for the General Fund and, if applicable, each of the District's major special revenue funds. In addition, pension plan contributions and the District's proportionate share of the net pension liability is required to supplement the basic financial statements.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Federal Sources	\$ 660,000	\$ 556,683	\$ 561,705	\$ 5,022
State Sources	5,340,665	5,153,777	4,999,565	(154,212)
Local Sources	1,192,619	1,232,326	1,226,237	(6,089)
Intermediate Sources	12,500	12,649	17,649	5,000
TOTAL REVENUES	7,205,784	6,955,435	6,805,156	(150,279)
EXPENDITURES				
Instructional Program	3,453,202	3,591,467	3,572,340	19,127
Student Supporting Services	217,400	180,419	178,654	1,765
Instructional Staff Supporting Services	570,711	551,404	550,721	683
General Administration Supporting Services	299,728	296,423	267,188	29,235
School Administration Support Services	450,695	469,706	466,294	3,412
Business Supporting Services	165,312	166,143	157,566	8,577
Operations and Maintenance of Plant Services	947,233	967,793	752,043	215,750
Student Transportation Services	259,701	259,701	228,274	31,427
Central Supporting Services	130,006	130,006	122,957	7,049
Non-Instructional Parent	61,282	61,282	60,388	894
Community Services	83,895	83,895	49,410	34,485
Debt Service	240,881	240,881	240,881	-
Reserves	1,016,282	447,245	-	447,245
TOTAL EXPENDITURES	7,896,328	7,446,365	6,646,716	799,649
Excess (deficiency) of revenues over expenditures	(690,544)	(490,930)	158,440	649,370
OTHER FINANCING SOURCES (USES)				
Transfer to Other Funds	(52,815)	(52,815)	(57,101)	(4,286)
TOTAL OTHER FINANCING SOURCES (USES)	(52,815)	(52,815)	(57,101)	(4,286)
Net Change in Fund Balance	(743,359)	(543,745)	101,339	645,084
Fund Balance, Beginning of Year	743,359	543,745	543,745	-
Fund Balance, End of Year	\$ -	\$ -	\$ 645,084	\$ 645,084

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Federal Sources	\$ 551,217	\$ 505,043	\$ 502,179	\$ (2,864)
State Sources	224,580	349,786	355,158	5,372
Local Sources	81,466	216,405	188,438	(27,967)
Intermediate Sources	-	5,122	9,026	3,904
TOTAL REVENUES	857,263	1,076,356	1,054,801	(21,555)
EXPENDITURES				
Instructional Program	594,459	576,514	575,887	627
Student Supporting Services	29,740	267,629	255,214	12,415
Instructional Staff Supporting Services	208,152	157,294	145,810	11,484
General Administration Supporting Services	-	10,000	10,000	-
School Administration Supporting Services	-	21,542	21,542	-
Student Transportation Services	7,982	8,982	8,982	-
Community Services	16,930	29,736	29,063	673
Food Services	-	8,303	8,303	-
TOTAL EXPENDITURES	857,263	1,080,000	1,054,801	25,199
Net Change in Fund Balance	-	(3,644)	-	3,644
Fund Balance, Beginning of Year	-	3,644	3,644	-
Fund Balance, End of Year	\$ -	\$ -	\$ 3,644	\$ 3,644

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0979193776%	0.0996653595%	0.1070484432%
District's proportionate share of the net pension liability (asset)	\$ 14,976,078	\$ 13,508,004	\$ 13,654,000
District's covered-employee payroll	\$ 4,361,368	\$ 4,260,421	\$ 4,235,615
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	343%	317%	322%
Plan fiduciary net position as a percentage of the total pension liability	59.2%	62.8%	64.1%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

Notes to Required Supplementary Information:

See Note 11 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 773,605	\$ 720,105	\$ 677,141	\$ 663,594	\$ 615,443	\$ 553,811	\$ 487,276	\$ 413,299
Contributions in relation to the contractually required contribution	<u>(773,605)</u>	<u>(720,105)</u>	<u>(677,141)</u>	<u>(663,594)</u>	<u>(615,443)</u>	<u>(553,811)</u>	<u>(487,276)</u>	<u>(413,299)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	4,361,368	4,260,421	4,235,615	4,398,657	4,342,089	4,173,305	3,929,954	3,597,311
Contributions as a percentage of covered-employee payroll	17.74%	16.90%	15.99%	15.09%	14.17%	13.27%	12.40%	11.49%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

Notes to Required Supplementary Information:

See Note 11 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT

SUPPLEMENTARY INFORMATION

The combining financial schedules represent the second level of financial reporting for the District. These financial statements present more detailed information for the individual funds in a format that segregates information by fund type.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Pupil Activity Fund – Used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenues from pupils, gate receipts, and other fundraising activities.

Food Service Fund - Used to account for the District's food service program. Revenues are derived from District contributions and student and adult charges.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

June 30, 2016

	SPECIAL REVENUE FUNDS		TOTAL NONMAJOR FUNDS
	PUPIL ACTIVITY FUND	FOOD SERVICE FUND	
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 4,395	\$ 4,395
Accounts Receivable	-	2,401	2,401
Due from Other Government	-	5,702	5,702
Inventories	-	15,591	15,591
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 28,089</u>	<u>\$ 28,089</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accrued Salaries and Benefits	\$ -	\$ 12,706	\$ 12,706
TOTAL LIABILITIES	<u>-</u>	<u>12,706</u>	<u>12,706</u>
FUND BALANCE			
Nonspendable	-	15,591	15,591
Unassigned Fund Balance	-	(208)	(208)
TOTAL FUND BALANCE	<u>-</u>	<u>15,383</u>	<u>15,383</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ 28,089</u>	<u>\$ 28,089</u>

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016

	<u>SPECIAL REVENUE FUNDS</u>		<u>TOTAL NONMAJOR FUNDS</u>
	<u>PUPIL ACTIVITY FUND</u>	<u>FOOD SERVICE FUND</u>	
REVENUES			
Federal Sources	\$ -	\$ 371,895	\$ 371,895
State Sources	-	3,162	3,162
Local Sources	53,906	7,136	61,042
TOTAL REVENUES	<u>53,906</u>	<u>382,193</u>	<u>436,099</u>
EXPENDITURES			
Instructional Program	55,903	-	55,903
Food Services	-	433,829	433,829
TOTAL EXPENDITURES	<u>55,903</u>	<u>433,829</u>	<u>489,732</u>
Excess (deficiency) of revenues over expenditures	<u>(1,997)</u>	<u>(51,636)</u>	<u>(53,633)</u>
OTHER FINANCING SOURCES (USES)			
Transfer from Other Funds	<u>1,997</u>	<u>55,104</u>	<u>57,101</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,997</u>	<u>55,104</u>	<u>57,101</u>
Net Change in Fund Balance	-	3,468	3,468
Fund Balance, Beginning of Year	<u>-</u>	<u>11,915</u>	<u>11,915</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 15,383</u>	<u>\$ 15,383</u>

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PUPIL ACTIVITY FUND
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources				
Pupil Activities	\$ 49,112	\$ 49,112	\$ 53,906	\$ 4,794
TOTAL REVENUES	<u>49,112</u>	<u>49,112</u>	<u>53,906</u>	<u>4,794</u>
EXPENDITURES				
Instructional Program	<u>66,112</u>	<u>66,112</u>	<u>55,903</u>	<u>10,209</u>
TOTAL EXPENDITURES	<u>66,112</u>	<u>66,112</u>	<u>55,903</u>	<u>10,209</u>
Excess (deficiency) of revenues over expenditures	(17,000)	(17,000)	(1,997)	15,003
OTHER FINANCING SOURCES (USES)				
Transfer From Other Funds	<u>17,000</u>	<u>17,000</u>	<u>1,997</u>	<u>(15,003)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>17,000</u>	<u>17,000</u>	<u>1,997</u>	<u>(15,003)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Federal Sources	\$ 349,902	\$ 411,013	\$ 371,895	\$ (39,118)
State Sources	5,343	-	3,162	3,162
Local Sources	19,664	3,404	7,136	3,732
TOTAL REVENUES	374,909	414,417	382,193	(32,224)
EXPENDITURES				
Supporting Services				
Food Services				
Salaries	145,629	145,629	140,403	5,226
Fringe Benefits	65,796	65,796	65,763	33
Purchased Services	4,614	5,314	3,327	1,987
Food and Commodities	193,985	245,408	223,764	21,644
Other Operating	700	-	572	(572)
TOTAL EXPENDITURES	410,724	462,147	433,829	28,318
Excess (deficiency) of revenues over expenditures	(35,815)	(47,730)	(51,636)	(3,906)
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	35,815	35,815	55,104	19,289
TOTAL OTHER FINANCING SOURCES (USES)	35,815	35,815	55,104	19,289
Net Change in Fund Balance	-	(11,915)	3,468	15,383
Fund Balance, Beginning of Year	-	11,915	11,915	-
Fund Balance, End of Year	\$ -	\$ -	\$ 15,383	\$ 15,383

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BOND REDEMPTION FUND
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 345,666	\$ 349,423	\$ 352,403	\$ 2,980
Other	-	-	92	92
TOTAL REVENUES	<u>345,666</u>	<u>349,423</u>	<u>352,495</u>	<u>3,072</u>
EXPENDITURES				
Debt Service	345,666	345,666	346,465	(799)
Reserves	297,632	305,084	-	305,084
TOTAL EXPENDITURES	<u>643,298</u>	<u>650,750</u>	<u>346,465</u>	<u>304,285</u>
Net Change in Fund Balance	(297,632)	(301,327)	6,030	307,357
Fund Balance, Beginning of Year	<u>297,632</u>	<u>301,327</u>	<u>301,327</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 307,357</u></u>	<u><u>\$ 307,357</u></u>

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT

SINGLE AUDIT SECTION

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Auditee EIN: 846001943
Total Amount \$1,435,779

46

Federal Agency Prefix	CFDA Three Digit Extension	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	If no (Direct Award), Name of Pass-through Entity	If no (Direct Award), Identifying Number Assigned by the Pass-through Entity, if assigned	DEFAULT PROGRAM NAME (Read Only)	UNIFORM CLUSTER NAME (Read Only)
10	553	SCHOOL BREAKFAST PROGRAM	\$ 84,624	CHILD NUTRITION CLUSTER	\$ 84,624	\$ 371,895	COLORADO DEPARTMENT OF EDUCATION	4553	SCHOOL BREAKFAST PROGRAM	CHILD NUTRITION CLUSTER
10	555	NATIONAL SCHOOL LUNCH PROGRAM	255,931	CHILD NUTRITION CLUSTER	281,569	371,895	COLORADO DEPARTMENT OF EDUCATION	4555	NATIONAL SCHOOL LUNCH PROGRAM	CHILD NUTRITION CLUSTER
10	559	SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	5,702	CHILD NUTRITION CLUSTER	5,702	371,895	COLORADO DEPARTMENT OF EDUCATION	4559	SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	CHILD NUTRITION CLUSTER
10	555	NATIONAL SCHOOL LUNCH PROGRAM	25,638	CHILD NUTRITION CLUSTER	281,569	371,895	COLORADO DEPARTMENT OF HUMAN SERVICES	4555	NATIONAL SCHOOL LUNCH PROGRAM	CHILD NUTRITION CLUSTER

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Auditee EIN: 846001943
Total Amount \$1,435,779

Federal Agency Prefix	CFDA Three Digit Extension	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	If no (Direct Award), Name of Pass-through Entity	If no (Direct Award), Identifying Number Assigned by the Pass-through Entity, if assigned	DEFAULT PROGRAM NAME (Read Only)	UNIFORM CLUSTER NAME (Read Only)
10	665	SCHOOLS AND ROADS - GRANTS TO STATES		FOREST SERVICE SCHOOLS AND ROADS CLUSTER	541,893	541,893	COLORADO DEPARTMENT OF TREASURY AND SAGUACHE COUNTY	7665	SCHOOLS AND ROADS - GRANTS TO STATES	FOREST SERVICE SCHOOLS AND ROADS CLUSTER
84	010	TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	427,910	N/A	427,910	-	COLORADO DEPARTMENT OF EDUCATION	4010	TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	N/A
84	048	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	19,812	N/A	19,812	-	COLORADO DEPARTMENT OF EDUCATION	4048	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	N/A

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Auditee EIN: 846001943
Total Amount \$1,435,779

48

Federal Agency Prefix	CFDA Three Digit Extension	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	If no (Direct Award), Name of Pass-through Entity	If no (Direct Award), Identifying Number Assigned by the Pass-through Entity, if assigned	DEFAULT PROGRAM NAME (Read Only)	UNIFORM CLUSTER NAME (Read Only)
84	365	ENGLISH LANGUAGE ACQUISITION STATE GRANTS	10,684	N/A	13,456	-	COLORADO DEPARTMENT OF EDUCATION	4365	ENGLISH LANGUAGE ACQUISITION STATE GRANTS	N/A
84	365	ENGLISH LANGUAGE ACQUISITION STATE GRANTS	414	N/A	13,456	-	COLORADO DEPARTMENT OF EDUCATION	6365	ENGLISH LANGUAGE ACQUISITION STATE GRANTS	N/A
84	365	ENGLISH LANGUAGE ACQUISITION STATE GRANTS	2,358	N/A	13,456	-	COLORADO DEPARTMENT OF EDUCATION	7365	ENGLISH LANGUAGE ACQUISITION STATE GRANTS	N/A

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Auditee EIN: 846001943
Total Amount \$1,435,779

49

Federal Agency Prefix	CFDA Three Digit Extension	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	If no (Direct Award), Name of Pass-through Entity	If no (Direct Award), Identifying Number Assigned by the Pass-through Entity, if assigned	DEFAULT PROGRAM NAME (Read Only)	UNIFORM CLUSTER NAME (Read Only)
84	367	IMPROVING TEACHER QUALITY STATE GRANTS	60,321	N/A	60,321	-	COLORADO DEPARTMENT OF EDUCATION	4367	IMPROVING TEACHER QUALITY STATE GRANTS	N/A
84	412	RACE TO THE TOP ð EARLY LEARNING CHALLENGE	<u>492</u>	N/A	492	-	COLORADO DEPARTMENT OF EDUCATION	5412	RACE TO THE TOP ð EARLY LEARNING CHALLENGE	N/A
TOTAL EXPENDITURES			<u><u>\$ 1,435,779</u></u>							

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Center Consolidated School District 26JT under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Center Consolidated School District 26JT, it is not intended to and does not present the financial position or changes in net position of Center Consolidated School District 26JT.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Center Consolidated School District 26JT did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance for the year ended June 30, 2016.

NOTE 3: FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of commodities received and disbursed.

**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**



Wall,
Smith,
Bateman Inc.

To the Board of Education
Center Consolidated School District 26JT
Center, Colorado

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 Center Consolidated School District 26JT (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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.



Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 7, 2016

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



**Wall,
Smith,
Bateman Inc.**

To the Board of Education
Center Consolidated School District 26JT
Center, Colorado

Report on Compliance for Each Major Federal Program

We have audited Center Consolidated School District 26JT's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Center Consolidated School District 26JT complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 7, 2016

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- § Material weakness(es) identified? _____yes X no
- § Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? _____yes X none reported
- § Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major programs:

- § Material weakness(es) identified? _____yes X no
- § Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? _____yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, and 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? X yes _____no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

None

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT

CDE COMPLIANCE SECTION



Colorado Department of Education
Auditors Integrity Report
 District: 2810 - CENTER 26 JT
 Fiscal Year 2015-16
 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	234,154	6,448,290	6,345,679	336,766
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	309,590	299,765	301,037	308,318
Sub- Total	543,744	6,748,055	6,646,716	645,084
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	11,915	437,297	433,829	15,383
22 Govt Designated-Purpose Grants Fund	3,644	1,054,802	1,054,803	3,643
23 Pupil Activity Special Revenue Fund	0	55,903	55,903	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	301,327	352,496	346,465	307,357
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
Totals	860,630	8,648,554	8,537,716	971,468
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	113,544	165,379	170,807	108,117
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	113,544	165,379	170,807	108,117

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.