

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

**FINANCIAL STATEMENTS**

**June 30, 2020**



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

# 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, 2020, 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, 2020, 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, pension, and other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 February 01, 2021, 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.

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

February 01, 2021

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

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, 2020.

**Financial Highlights**

Total Net Position as of June 30, 2019 was \$5,465,123. Total Net Position as of June 30, 2020 was \$9,085,534, which is an increase of \$3,620,411. Major changes to Net Position include the effects of GASB 68 and 73 which requires cost-sharing employers participating in the Public Employees' Retirement Association to include its proportionate share of the net pension and OPEB liabilities. Other changes to Net Position include depreciation on non-current assets and increased revenues due to General Property and Specific Ownership Taxes.

Total General Fund revenues for Fiscal Year 2020 came in at \$8,459,909 an increase of \$1,359,484 from Fiscal Year 2019. State Sources brought in total revenues of \$5,675,390, which includes a total of \$5,128,996 in State Equalization (Per Pupil Funding). Local sources of income came in at \$1,480,337 and Federal Sources brought in \$1,279,054 of which is primarily from US Forest Reserve Funding received from the counties.

Total General Fund expenditures for the Fiscal Year 2020 were \$6,797,135, a decrease of \$183,528 as compared to June 30, 2019. The COVID 19 Pandemic can be attributed to the reductions to total costs as compared to June 30, 2019. Although the District participated in remote learning for the 4<sup>th</sup> quarter of the fiscal year, all full-time staff members were paid according to their scheduled hours for the normal school day. During this time, the purchase of supplies and materials to run the school district was lower than expected. In addition, the District received COVID Relief Grant Money and other smaller grants to help pay for supplies and salaries through the end of the 4<sup>th</sup> quarter of the 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.

- 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.
- 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.
- 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.
- 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.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

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.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating.
- 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:

- **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, 2020**

The District uses two types of funds:

- **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.
  
- **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 2019-2020 fiscal year with a General Fund – fund balance of \$3,256,790, an increase of \$1,870,388 as compared to the Fiscal Year 2019 ending fund balance of \$1,386,402.

Center Schools has had fairly stable student numbers over the past few years, making the revenue budgeting process more predictable. The five year county change from 2015-2020 is down by 53 students, which is an 8.18% decrease. The five year county 1.33. % decrease in total student membership with an average funded pupil count of 602.3 students and a PPOR of \$9609.49. The District continues to provide support and services for students through outside grants, including Expelled and At-Risk Student Services Grant funding, School Health Care Professional Grant, CO Student-Re-Engagement Grant, Ninth Grade Success Program Grant and other smaller grants. The District received a total amount of \$1,254,759 SRS (Secured Rural Services) funding for the 2019-2020 School Year; however the long-term outlook for this stream of SRS dollars continues to be unpredictable. The District will receive a minor decrease in per pupil funding during the 2020-2021 fiscal year, but will receive continued funding due to more dollars coming in to serve English Language Learners. Extra dollars are made available through the attainment of a Marijuana grant aimed at supporting students physical and mental health services. Other major grants that the District shall receive in the Fiscal Year 2021 additional funds from the EARSS Grant; and new funding from other major State Grants including the School Health Care Professional Grant, the Colorado Student Re-Engagement Grant and the Ninth Grade Success Program Grant.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

**Analysis of Balances and Transactions of Individual Funds**

**General Fund:** The 2019-2020 fiscal year ending fund balance of \$3,256,790 represents an increase of \$1,870,388 from the previous fiscal year's ending fund balance of \$1,386,402. The increase to the Fund Balance can be attributed to the total of \$1,254,759 in Forest Reserve funding (SRS-Secured Rural Services), most of which has been built into the reserves' line item at fiscal year-end. Other contributing factors can be related to the COVID19 Pandemic which resulted in lower expenditures to the General Fund during the 4<sup>th</sup> quarter of the fiscal year. The District also received COVID19 Relief Funds to help with costs for sanitation supplies and materials plus, salaries and benefits partially reallocated for positions directly associated with the pandemic.

Expenditures in the General Fund came in \$2,807,638 under budget. The District had increased revenues of \$191,550 in Total Revenue, despite decreased revenue in State Equalization due to the pandemic.

**GDPG Fund:** Our GDPG Fund revenues for 2019-2020 were \$1,898,855, an increase of \$193,026 from 2018-2019 revenues of \$1,705,829. 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 2019-2020 was \$528,143. Total operating expenses for the 2019-2020 School Year were \$465,828. Ending Fund Balance in the Food Service Fund at June 30, 2020 was \$75,378, an increase of \$62,315 from the Beginning Fund Balance of \$13,063 at June 30, 2019.

**Student Activity Fund:** Total expenditures from the Student Activity Fund for 2019-2020 were \$27,614, a decrease of \$7,338 from the Fiscal Year 2019-2020. The Special Revenue Pupil Activity Fund continues to see expenditures increase primarily due to referee payments and other athletic costs. By the end of the Fiscal Year 2021, it is anticipated that the majority of Fund 74, Trust & Agency Student Funds, will be combined with Fund 23, Special Revenue Pupil Activity Fund.

**Bond Redemption Fund:** Total Revenues for the Bond Redemption Fund were \$357,358; and, Total Expenditures were \$350,135 at June 30, 2020. The Bond Redemption Fund had an ending fund balance of \$387,201 at June 30, 2020. 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. The District will maintain this annual debt service until the Fiscal Year ending 2031.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

**Condensed Financial Information**

**Condensed Statement of Activities**  
**For the year ended June 30, 2020 and 2019**

	2020	2019
	Governmental Activities	Governmental Activities
<b>Beginning Net Position</b>	\$ 5,465,123	\$ 4,066,161
<b>Revenues</b>		
Program revenues		
Charges for services	49,062	125,917
Operating grants & contributions	4,409,724	3,142,323
Capital grants & contributions	29,930	-
General revenues		
Property taxes	1,342,178	1,314,782
Other taxes	202,092	136,969
State equalization	5,128,996	4,856,916
Other	114,441	175,778
<b>Total Revenues</b>	<b>11,276,423</b>	<b>9,752,685</b>
<b>Expenses</b>		
Instructional Program	3,796,065	4,060,283
Student and Instructional services	1,273,160	1,533,678
Administration and business	748,065	898,431
Operations and maintenance	726,983	678,365
Transportation	239,670	277,255
Food Services	411,473	446,971
Interest on Long-Term Debt	131,058	139,904
Other	329,538	318,836
<b>Total Expenses</b>	<b>7,656,012</b>	<b>8,353,723</b>
<b>Changes in Net Position</b>	<b>3,620,411</b>	<b>1,398,962</b>
Transfers	-	-
Change in Accounting Principle	-	-
<b>Increase (decrease) in Net Position</b>	<b>3,620,411</b>	<b>1,398,962</b>
Net Position, Beginning of the Year,		
Year, Restated	5,465,123	4,066,161
<b>Net Position, End of Year</b>	<b>\$ 9,085,534</b>	<b>\$ 5,465,123</b>

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

**Condensed Financial Information (continued)**

**Condensed Statement of Changes in Net Position**  
**For the year ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
	Governmental Activities	Governmental Activities
<b>Assets</b>		
Current assets	\$ 5,783,445	\$ 2,884,558
Capital assets	29,030,826	29,501,317
<b>Total Assets</b>	<u>34,814,271</u>	<u>32,385,875</u>
Deferred Outfl of Resources	1,606,684	4,808,848
<b>Liabilities</b>		
Current liabilities	2,329,227	1,310,549
Noncurrent liabilities	16,450,170	19,361,710
<b>Total Liabilities</b>	<u>18,779,397</u>	<u>20,672,259</u>
<b>Deferred Infl of Resources</b>	8,556,024	11,057,341
<b>Net Position</b>		
Capital Assets	25,820,255	26,208,024
Restricted for Preschool	141,171	108,624
Restricted for Debt	387,201	379,978
Restricted for TABOR	255,000	245,000
Unrestricted	(17,518,093)	(21,476,503)
<b>Total Net Position</b>	<u>\$ 9,085,534</u>	<u>\$ 5,465,123</u>

**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, 2020 totaled \$3,322,854. Of this amount, \$3,047,709 is in the form of General Obligation Bonds for construction of a new school; \$162,862 in the form of a lease purchase agreement for the purchase of one new 65 passenger bus and microbus. In addition, there were compensated absences payables of \$112,283.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

**Capital Assets at June 30, 2020**

	2020	2019
	Governmental Activities	Governmental Activities
Land	\$ 69,214	\$ 69,214
Construction in Progress	-	-
Land Improvements	1,444,557	1,568,951
Infrastructure	38,625	43,201
Equipment	532,613	552,039
Buildings	26,945,817	27,267,912
<b>Total</b>	<b>\$ 29,030,826</b>	<b>\$ 29,501,317</b>

**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. Center School District received a performance rating of Improvement. We will continue to address student needs as identified in our results through the budgeting process.

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.

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, 2020**

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

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, 2020**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 5,148,202
Accounts Receivable	56,651
Due from Other Governments	396,511
Prepaid	177,479
Inventory	4,602
<b>Total Current Assets</b>	<b>5,783,445</b>
<b>Noncurrent Assets</b>	
<b>Capital Assets</b>	
Land	69,214
Land Improvements	2,475,797
Buildings	30,715,122
Equipment	3,093,043
Infrastructure	91,517
Less Accumulated Depreciation	(7,413,867)
<b>Total Noncurrent Assets</b>	<b>29,030,826</b>
<b>TOTAL ASSETS</b>	<b>34,814,271</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	1,549,137
OPEB	57,547
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,606,684</b>
<b>Current Liabilities</b>	
Accrued Interest Payable	12,436
Accounts Payable	13,829
Accrued Salaries and Benefits	702,737
Unearned Grant Revenue	1,317,253
General Obligation Bonds	225,021
Compensated Absences	-
Lease Purchase Agreements	57,951
<b>Total Current Liabilities</b>	<b>2,329,227</b>
<b>Noncurrent Liabilities</b>	
General Obligation Bonds	2,822,688
Compensated Absences	112,283
Lease Purchase Agreements	104,911
Net Pension Liability	12,781,679
Net OPEB Liability	628,609
<b>Total Noncurrent Liabilities</b>	<b>16,450,170</b>
<b>TOTAL LIABILITIES</b>	<b>18,779,397</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	8,429,304
OPEB	126,720
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>8,556,024</b>

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

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	<b>Primary Government Governmental Activities</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	25,820,255
Restricted for:	
TABOR	255,000
Preschool	141,171
Debt Service	387,201
Unrestricted	(17,518,093)
<b>TOTAL NET POSITION</b>	<b>\$ 9,085,534</b>

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

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2020**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense)</b>
		<b>Charges for Services</b>	<b>Operating Grants &amp; Contributions</b>	<b>Capital Grants &amp; Contributions</b>	<b>Revenue and Changes in Net Position</b>
<b>Primary Government:</b>					<b>Primary Government</b>
<b>Governmental Activities:</b>					
Instructional Program	\$ 3,796,065	\$ 13,858	\$ 2,497,920	\$ 29,930	\$ (1,254,357)
Student Supporting Services	750,724	26,105	1,137,517	-	412,898
Instructional Staff Supporting Services	522,436	-	50,030	-	(472,406)
General Administration Supporting Services	301,656	-	4,374	-	(297,282)
School Administration Supporting Services	343,801	-	8,522	-	(335,279)
Business Supporting Services	102,608	-	2,853	-	(99,755)
Operations & Maintenance of Plant Services	726,983	425	5,575	-	(720,983)
Student Transportation Services	239,670	-	91,092	-	(148,578)
Central Supporting Services	183,987	-	-	-	(183,987)
Non Instructional Parent Services	74,106	-	1,002	-	(73,104)
Community Services	71,445	-	87,307	-	15,862
Food Services	411,473	8,674	523,532	-	120,733
Interest on Long-term Debt	131,058	-	-	-	(131,058)
<b>Total Governmental Activities</b>	<b>7,656,012</b>	<b>49,062</b>	<b>4,409,724</b>	<b>29,930</b>	<b>(3,167,296)</b>
<b>Total Primary Government</b>	<b>\$ 7,656,012</b>	<b>\$ 49,062</b>	<b>\$ 4,409,724</b>	<b>\$ 29,930</b>	<b>(3,167,296)</b>
		<b>General Revenues:</b>			
		Taxes:			
		General Property Taxes - Net			1,342,178
		Specific Ownership Tax			201,474
		Delinquent Tax and Interest			618
		State Equalization			5,128,996
		Interest and Miscellaneous			114,441
		<b>Total General Revenues</b>			<b>6,787,707</b>
		<b>Change in Net Position</b>			<b>3,620,411</b>
		<b>Net Position, Beginning of Year</b>			<b>5,465,123</b>
		<b>Net Position, End of Year</b>			<b>\$ 9,085,534</b>

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

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**June 30, 2020**

	<b>GENERAL FUND</b>	<b>GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND</b>	<b>TOTAL NONMAJOR FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,554,660	\$ 1,139,961	\$ 453,581	\$ 5,148,202
Accounts Receivable	57,035	-	(384)	56,651
Due from Other Funds	2,280	-	-	2,280
Due from Other Governments	76,799	290,006	29,706	396,511
Prepaid	177,479	-	-	177,479
Inventory	-	-	4,602	4,602
<b>TOTAL ASSETS</b>	<b>\$ 3,868,253</b>	<b>\$ 1,429,967</b>	<b>\$ 487,505</b>	<b>\$ 5,785,725</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ (6,329)	\$ 5,218	\$ 14,940	\$ 13,829
Accrued Salaries and Benefits	582,048	114,928	5,761	702,737
Due to Other Funds	-	2,280	-	2,280
Unearned Grant Revenue	35,744	1,281,509	-	1,317,253
<b>TOTAL LIABILITIES</b>	<b>611,463</b>	<b>1,403,935</b>	<b>20,701</b>	<b>2,036,099</b>
<b>FUND BALANCE</b>				
Nonspendable:				
Inventory	-	-	4,602	4,602
Restricted for:				
TABOR 3% Reserve	255,000	-	-	255,000
Preschool	141,171	-	-	141,171
Debt Service	-	-	387,201	387,201
Committed for:				
Grants	-	26,032	-	26,032
Pupil Activity Fund	-	-	4,225	4,225
Food Services	-	-	70,776	70,776
Assigned for: Subsequent Years	831,152	-	-	831,152
Unassigned:	2,029,467	-	-	2,029,467
<b>TOTAL FUND BALANCE</b>	<b>3,256,790</b>	<b>26,032</b>	<b>466,804</b>	<b>3,749,626</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 3,868,253</b>	<b>\$ 1,429,967</b>	<b>\$ 487,505</b>	<b>\$ 5,785,725</b>

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, 2020**

<b>Total governmental fund balances</b>	<b>\$ 3,749,626</b>
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.	29,030,826
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position.	1,606,684
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Refunding Bonds	\$ (3,047,709)
Accrued Interest Payable	(12,436)
Lease Purchase Agreements	(162,862)
Compensated Absences	(112,283)
	(3,335,290)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.	(13,410,288)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.	(8,556,024)
<b>Net position of governmental activities</b>	<b>\$ 9,085,534</b>

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, 2020**

	GENERAL FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Federal Sources	\$ 1,279,054	\$ 705,325	\$ 506,667	\$ 2,491,046
State Sources	5,675,390	1,025,528	12,802	6,713,720
Intermediate Sources	25,128	1,200	-	26,328
Local Sources	1,480,337	166,802	397,636	2,044,775
<b>TOTAL REVENUES</b>	<b>8,459,909</b>	<b>1,898,855</b>	<b>917,105</b>	<b>11,275,869</b>
<b>EXPENDITURES</b>				
Instructional Program	3,780,789	729,285	27,614	4,537,688
Student Supporting Services	236,448	762,887	-	999,335
Instructional Staff Supporting Services	540,896	162,044	-	702,940
General Administration Supporting Services	362,252	11,180	-	373,432
School Administration Supporting Services	488,643	-	-	488,643
Business Supporting Services	151,092	-	-	151,092
Operations and Maintenance of Plant Services	783,878	33,147	-	817,025
Student Transportation Services	221,896	38,269	-	260,165
Central Supporting Services	181,930	553	-	182,483
Non Instructional Parent Services	-	91,128	-	91,128
Community Services	3,656	67,789	-	71,445
Food Services	-	151	465,828	465,979
Debt Service	45,655	-	350,135	395,790
<b>TOTAL EXPENDITURES</b>	<b>6,797,135</b>	<b>1,896,433</b>	<b>843,577</b>	<b>9,537,145</b>
Excess (deficiency) of revenues over expenditures	1,662,774	2,422	73,528	1,738,724
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	554	-	-	554
Lease Proceeds	177,479	-	-	177,479
Transfer from Other Funds	29,581	-	-	29,581
Transfer to Other Funds	-	-	(29,581)	(29,581)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>207,614</b>	<b>-</b>	<b>(29,581)</b>	<b>178,033</b>
Net Change in Fund Balance	1,870,388	2,422	43,947	1,916,757
<b>FUND BALANCE, Beginning of Year</b>	<b>1,386,402</b>	<b>23,610</b>	<b>422,857</b>	<b>1,832,869</b>
<b>FUND BALANCE, End of Year</b>	<b>\$ 3,256,790</b>	<b>\$ 26,032</b>	<b>\$ 466,804</b>	<b>\$ 3,749,626</b>

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, 2020**

**Net change in fund balances - total governmental funds** \$ 1,916,757

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	\$ 152,008	
Capital Asset Deletions	-	
Depreciation expense	<u>(622,499)</u>	(470,491)

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.

Lease Proceeds	(177,479)	
Principal payment on general obligation bonds	216,131	
Principal payment on lease purchase agreement	<u>44,070</u>	82,722

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		4,531
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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 and OPEB expense.

2,086,892

**Change in net position of governmental funds** \$ 3,620,411

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**FIDUCIARY FUND**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**June 30, 2020**

	<b>PUPIL ACTIVITY AGENCY FUND</b>
<b>ASSETS</b>	
Cash	\$ 110,886
Due from Other Funds	-
<b>TOTAL ASSETS</b>	<b>\$ 110,886</b>
 <b>LIABILITIES</b>	
Accounts Payable	\$ 1,259
Pupil Activities Deposits	109,627
<b>TOTAL LIABILITIES</b>	<b>\$ 110,886</b>

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

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**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, 2020**

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.

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, 2020**

**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, 2020**

***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 and OPEB must be deferred.

***Pensions***

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

***Other Post-Employment Benefits (OPEB)***

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

***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.
- *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

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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.

**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 2020.

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

**NOTE 3 CASH, DEPOSITS, AND INVESTMENTS**

At June 30, 2020, the District's cash, deposits, and investments were reported in the financial statements as follows:

Cash in Bank	\$	4,891,285
Cash on Hand		740
Investments		367,064
Less: Amounts Related to Agency Funds		<u>(110,886)</u>
Total Cash and Deposits	\$	<u><u>5,148,203</u></u>

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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, \$5,042,927, of the District's bank balance of \$5,292,927 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

***Investments***

Colorado Statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include the following:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper holding the highest credit rating category and with a maturity within 180 days
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

*Fair Value* – Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

The Invesco-Stit Treasury Portfolio is an open-end money market mutual fund incorporated in the USA. The Fund aims to provide current income consistent with preservation of capital and liquidity. The Fund invests in direct obligations of the U.S. treasury and repurchase agreements backed by treasury obligations. The Fund will maintain a weighted average maturity of 60 days or less. Each share is equal in value to \$1.00. This investment is unrated and valued using level 2 inputs.

*Interest Rate Risk* – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* – The risk that an issuer or other counterparty to an investment will not fulfill its obligation. State statutes limit investments in U.S. Agency securities to the highest rating issued by National Recognized Statistical Rating Organizations (NRSROs).

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

*Concentration of Credit Risk* – The risk of loss attributed to the magnitude of a government’s investment in a single issuer. The District has not established a policy limiting the investment in any type of security and deems it unnecessary at this time.

**NOTE 4 ACCOUNTS RECEIVABLE**

Governmental activities accounts receivable at June 30, 2020, consisted of the following:

General Fund	\$	57,035
Nonmajor Funds		(384)
		56,651
		\$ 56,651

**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, 2020, the District had \$396,511 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, 2020, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Governmental Des. Purpose Grants Fund	\$ 2,280

***Interfund Transfers***

Interfund transfers for the year ended June 30, 2020, were as follows:

Transfer In	Transfer Out	Amount
General Fund	Activity Fund	\$ 29,581

The Activity Fund transferred funds to the General fund to balance interfund activity.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 7 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020, was as follows:

<b>Governmental Activities</b>	Balance 06/30/2019	Additions	Deletions	Balance 06/30/2020
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	2,475,797	-	-	2,475,797
Buildings	30,625,176	89,946	-	30,715,122
Equipment	3,030,981	62,062	-	3,093,043
Infrastructure	91,517	-	-	91,517
Total capital assets being depreciated	<u>36,223,471</u>	<u>152,008</u>	<u>-</u>	<u>36,375,479</u>
Less accumulated depreciation for:				
Land Improvements	906,846	124,394	-	1,031,240
Buildings	3,357,264	412,041	-	3,769,305
Equipment	2,478,942	81,488	-	2,560,430
Infrastructure	48,316	4,576	-	52,892
Total capital assets being depreciated	<u>6,791,368</u>	<u>622,499</u>	<u>-</u>	<u>7,413,867</u>
Total Capital Assets being depreciated, net	<u>29,432,103</u>	<u>(470,491)</u>	<u>-</u>	<u>28,961,612</u>
<b>Governmental Activities, net</b>	<u><u>\$ 29,501,317</u></u>	<u><u>\$ (470,491)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 29,030,826</u></u>

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

Governmental activities:	
Instructional Program	\$ 538,781
General Administration Supporting Services	19,827
Operations & Maintenance of Plant Services	11,400
Student Transportation Services	40,514
Food Services	<u>11,977</u>
Total depreciation expense - governmental activities	<u><u>\$ 622,499</u></u>

**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

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and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$702,737.

**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 \$15,457.

**NOTE 10 LONG-TERM LIABILITIES**

***Changes in Long-Term Debt***

Long-term liability balances for the year ended June 30, 2020, were as follows:

	Balance 06/30/2019	Additions	Deletions	Balance 06/30/2020	Due Within One Year
<b>Governmental Activities</b>					
G.O. Bonds Payable	\$ 3,263,840	\$ -	\$ 216,131	\$ 3,047,709	\$ 225,021
Lease Purchase Agreements	29,453	177,479	44,070	162,862	57,951
Compensated Absences	116,814	-	4,531	112,283	-
<b>Total</b>	<b>\$ 3,410,107</b>	<b>\$ 177,479</b>	<b>\$ 264,732</b>	<b>\$ 3,322,854</b>	<b>\$ 282,972</b>

***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 2021	\$ 225,021	\$ 119,812	\$ 344,833
FY 2022	234,206	110,439	344,645
FY 2023	243,767	100,684	344,451
FY 2024	253,717	90,530	344,247
FY 2025	264,074	42,676	306,750
FY 2026-2030	1,491,202	256,058	1,747,260
FY 2031	335,722	13,704	349,426
	<b>\$ 3,047,709</b>	<b>\$ 733,903</b>	<b>\$ 3,781,612</b>

***Lease Purchase Agreements***

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

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March 1, 2015 through 2019, from the General Fund. The balance at June 30, 2020 was \$0. The cost of the two buses and two vehicles was \$276,016 and accumulated depreciation was \$110,412 at June 30, 2020.

The District entered into a lease purchase agreement dated March 31, 2020, to purchase two buses. The lease was for \$177,479 with an interest rate of 2.47%. Payments are due quarterly, commencing March 31, 2020 through March 1, 2023, from the General Fund. The balance at June 30, 2020 was \$162,862. The cost of the two buses was \$177,479 which is reported as a prepaid expenditure as they were not received as of June 30, 2020.

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

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
FY 2021	\$ 57,951	\$ 3,489	\$ 61,439
FY 2022	59,395	2,044	61,439
FY 2023	45,516	563	46,079
	<u>\$ 162,862</u>	<u>\$ 6,096</u>	<u>\$ 168,958</u>

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

*Benefits provided as of December 31, 2019.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714. The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee’s member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

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As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S, once certain criteria are met. Pursuant to SB 18-200, the annual increase in 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all of the DPS benefit structure employment will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. §24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S §24-51-413.

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

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

*Contributions provisions as of June 30, 2020.* Eligible employees of, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDT are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below:

	July 1, 2019 Through June 30, 2020
Employer Contribution Rate	10.40%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%
Amount Apportioned to the SCHDTF	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.38%

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

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the SCHDTF’s December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution To PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225

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million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

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 \$960,436, for the year ended June 30, 2020.

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

The net pension liability for the SCHDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The District's proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2018 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2020, the District reported a liability of \$12,781,679 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

Center Consolidated School District's proportionate share of the net position liability	\$ 12,781,679
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Center Consolidated School District	1,621,193
Total	\$ 14,402,872

At December 31, 2019, the District's proportion was 0.0856 percent, which was a decrease of .0016 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of (\$2,079,298) and revenue of \$122,790 for support from the State as a nonemployer contributing entity. At June 30, 2020, 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	\$ 696,611	\$ -
Changes of assumptions or other inputs	364,897	5,797,649
Net difference between projected and actual earnings on pension plan investments	-	1,514,117
Changes in proportionate share	-	1,117,538
Contributions subsequent to the measurement date	487,629	-
Total	\$ 1,549,137	\$ 8,429,304

\$487,629 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended June 30,	
2021	(4,014,301)
2022	(2,814,456)
2023	(23,981)
2024	(515,058)
2025	-
Thereafter	-

*Actuarial assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	1.25 percent compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic) <sup>1</sup>	Financed by the Annual Increase Reserve

<sup>1</sup> For 2019, the annual increase was 0.00 percent.

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

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

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

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

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016,

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actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant 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.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset 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>30 Year Expected Geometric Real Rate of Return</u>
U.S. Equity- Large Cap	21.20%	4.30%
U.S. Equity- Small Cap	7.42%	4.80%
Non U.S. Equity- Developed	18.55%	5.20%
Non U.S. Equity- Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income -Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
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 7.25 percent.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.

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- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State will provide an annual direct distribution of \$225 million, which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

*Sensitivity of the 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 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

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	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 16,951,243	\$ 12,781,679	\$ 9,280,967

*Pension plan fiduciary net position-* Detailed information about the SCHDTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS**

***General Information about the OPEB Plan***

*Plan description.* Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided.* The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member’s years of service credit.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient’s eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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

***PERA Benefit Structure***

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

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are

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greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF on behalf of benefit recipients not covered by Medicare Part A.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$50,549 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$628,609 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District's proportion was 0.0559 percent, which was a decrease of 0.0007 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020 the District recognized OPEB expense of (\$7,594). At June 30, 2020, District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,086	\$ 105,629
Net difference between projected and actual earnings on OPEB plan investments	-	10,492
Changes of assumptions or other inputs	5,215	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	24,581	10,599
Contributions subsequent to the measurement date	25,665	-
Total	\$ 57,547	\$ 126,720

\$25,665 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year Ended June 30,	
2021	(18,647)
2022	(18,646)
2023	(15,608)
2024	(18,814)
2025	(21,801)
Thereafter	(1,323)

*Actuarial assumptions.* The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB	
plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually Decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent for 2019, gradually increasing to 4.50 percent in 2029

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop were adopted by the PERA Board during the November 18, 2016, Board Meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>	<b>Premiums for Members Without Medicare Part A</b>
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

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<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

The following health care cost assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

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

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. Equity- Large Cap	21.20%	4.30%
U.S. Equity- Small Cap	7.42%	4.80%
Non U.S. Equity- Developed	18.55%	5.20%
Non U.S. Equity- Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
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 7.25 percent.

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.* The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare Part A trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 613,676	\$ 628,609	\$ 645,864

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.

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- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

*Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 710,769	\$ 628,609	\$ 558,345

*OPEB plan fiduciary net position.* Detailed information about the HCTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**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 CAFR includes additional information on the Voluntary Investment Program . That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://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. For the year ended June 30, 2020, program members contributed \$24,729, 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:

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**June 30, 2020**

- 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, 2020. 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 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, 2020. 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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. This Emergency Reserve has been presented as restricted fund balance in the General Fund balance sheet and a restricted net position in the government-wide statement of net position. 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.

***COVID-19***

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted on March 27, 2020 to provide, among other things, funding for education. In June 2020, the School received \$623,565 of COVID Relief Funds (CRF) under the CARES Act, \$505,481 has been deferred for use in fiscal year 2021. These funding sources are to address the impact COVID-19 has had and continues to have on elementary and secondary schools. There are specific allowable uses for the funds. The funds cannot be used to supplement reductions to per pupil funding that has resulted from the downturn in the economy due to COVID-19. No adjustments have been made to these financial statements as the potential impact is unknown at this time.

**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.

**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 expenses and changes in fund balance for agency funds to report the budget information, because agency funds do not recognize

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

revenues, expenses 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, 2020, are presented below:

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Agency Fund Receipts	\$ 202,250	\$ 202,250	\$ 102,953	\$ (99,297)
Agency Fund Disbursements	<u>(202,250)</u>	<u>(202,250)</u>	<u>(107,533)</u>	<u>94,717</u>
Increase (Decrease) in Student Activities Deposits	-	-	(4,580)	(4,580)
Beginning Balance of Student Activities Deposits	<u>92,684</u>	<u>92,684</u>	<u>114,207</u>	<u>21,523</u>
Ending Balance of Student Activities Deposits	<u><u>\$ 92,684</u></u>	<u><u>\$ 92,684</u></u>	<u><u>\$ 109,627</u></u>	<u><u>\$ 16,943</u></u>

## **CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**

### **REQUIRED SUPPLEMENTARY 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 and OPEB plan contributions and the District's proportionate share of the net pension and OPEB 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, 2020**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Federal Sources	\$ 512,016	\$ 1,264,759	\$ 1,278,500	\$ 13,741
State Sources	5,282,149	5,582,149	5,675,390	93,241
Local Sources	1,263,333	1,413,333	1,480,891	67,558
Intermediate Sources	3,618	8,118	25,128	17,010
<b>TOTAL REVENUES</b>	<b>7,061,116</b>	<b>8,268,359</b>	<b>8,459,909</b>	<b>191,550</b>
<b>EXPENDITURES</b>				
Instructional Program	4,044,029	4,169,488	3,780,789	388,699
Student Supporting Services	253,605	253,605	236,448	17,157
Instructional Staff Supporting Services	579,157	579,157	540,896	38,261
General Administration Supporting Services	481,699	481,699	362,252	119,447
School Administration Support Services	478,402	478,402	488,643	(10,241)
Business Supporting Services	162,311	162,311	151,092	11,219
Operations and Maintenance of Plant Services	865,323	865,323	783,878	81,445
Student Transportation Services	358,961	358,961	221,896	137,065
Central Supporting Services	136,951	136,951	181,930	(44,979)
Community Services	85,245	85,245	3,656	81,589
Debt Service	30,289	30,289	45,655	(15,366)
Reserves	357,669	2,003,342	-	2,003,342
<b>TOTAL EXPENDITURES</b>	<b>7,833,641</b>	<b>9,604,773</b>	<b>6,797,135</b>	<b>2,807,638</b>
Excess (deficiency) of revenues over expenditures	(772,525)	(1,336,414)	1,662,774	2,999,188
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	554	554
Lease Proceeds	-	-	177,479	177,479
Transfer from Other Funds	(110,539)	(17,000)	29,581	46,581
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(110,539)</b>	<b>(17,000)</b>	<b>207,614</b>	<b>224,614</b>
Net Change in Fund Balance	(883,064)	(1,353,414)	1,870,388	3,223,802
<b>Fund Balance, Beginning of Year</b>	<b>883,064</b>	<b>1,353,414</b>	<b>1,386,402</b>	<b>32,988</b>
<b>Fund Balance, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,256,790</b>	<b>\$ 3,256,790</b>

**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, 2020**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Federal Sources	\$ 186,270	\$ 658,454	\$ 705,325	\$ 46,871
State Sources	107,907	1,604,502	1,025,528	(578,974)
Intermediate Sources	11,500	11,500	1,200	(10,300)
Local Sources	170,027	370,027	166,802	(203,225)
<b>TOTAL REVENUES</b>	<b>475,704</b>	<b>2,644,483</b>	<b>1,898,855</b>	<b>(745,628)</b>
<b>EXPENDITURES</b>				
Instructional Program	135,045	685,045	729,285	(44,240)
Student Supporting Services	181,647	1,503,831	762,887	740,944
Instructional Staff Supporting Services	129,365	329,365	162,044	167,321
General Administration Supporting Services	-	-	11,180	(11,180)
Operations and Maintenance of Plant Services	-	-	33,147	(33,147)
Student Transportation Services	19,992	53,232	38,269	14,963
Central Supporting Services	-	-	553	
Non Instructional Parent Services	7,825	7,825	91,128	(83,303)
Community Services	818	67,818	67,789	29
Food Services	1,012	1,012	151	861
<b>TOTAL EXPENDITURES</b>	<b>475,704</b>	<b>2,648,128</b>	<b>1,896,433</b>	<b>752,248</b>
Excess (deficiency) of revenues over expenditures	-	(3,645)	2,422	6,620
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	-	(3,645)	2,422	6,620
<b>Fund Balance, Beginning of Year</b>	<b>-</b>	<b>3,645</b>	<b>23,610</b>	<b>19,965</b>
<b>Fund Balance, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 26,032</b>	<b>\$ 26,032</b>

**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,**

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0855546512%	0.0871270749%	0.0947155023%	0.0953840852%	0.0979193776%	0.0996653595%	0.1070484432%
District's proportionate share of the net pension liability (asset)	\$ 12,781,679	\$ 15,427,638	\$ 30,627,627	\$ 28,399,530	\$ 14,976,078	\$ 13,508,004	\$ 13,654,000
State's proportionate share of the net pension liability (asset) associated with the District	1,621,193	2,109,515	-	-	-	-	-
<b>Total</b>	<b><u>\$ 14,402,872</u></b>	<b><u>\$ 17,537,153</u></b>	<b><u>\$ 30,627,627</u></b>	<b><u>\$ 28,399,530</u></b>	<b><u>\$ 14,976,078</u></b>	<b><u>\$ 13,508,004</u></b>	<b><u>\$ 13,654,000</u></b>
District's covered payroll	\$ 5,028,645	\$ 4,794,633	\$ 4,368,996	\$ 4,276,696	\$ 4,374,182	\$ 4,175,186	\$ 4,315,474
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	254%	322%	701%	664%	342%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	64.52%	57.01%	43.96%	43.1%	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.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 960,436	\$ 947,014	\$ 878,622	\$ 773,210	\$ 773,605	\$ 720,105	\$ 677,141	\$ 663,594	\$ 615,443	\$ 553,811
Contributions in relation to the contractually required contribution	<u>(960,436)</u>	<u>(947,014)</u>	<u>(878,622)</u>	<u>(773,210)</u>	<u>(773,605)</u>	<u>(720,105)</u>	<u>(677,141)</u>	<u>(663,594)</u>	<u>(615,443)</u>	<u>(553,811)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	4,955,752	4,950,412	4,650,917	4,205,482	4,361,368	4,260,421	4,235,615	4,398,657	4,342,089	4,173,305
Contributions as a percentage of covered payroll	19.38%	19.13%	18.89%	18.39%	17.74%	16.90%	15.99%	15.09%	14.17%	13.27%

See Notes to the Required Supplementary Information.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET OPEB LIABILITY**  
**PERA HEALTHCARE TRUST FUND**  
**For the Years Ended June 30,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0559261409%	0.0566237303%	0.0538169697%	0.0542211095%
District's proportionate share of the net OPEB liability (asset)	\$ 628,609	\$ 770,389	\$ 699,405	\$ 702,995
District's covered payroll	\$ 5,028,645	\$ 4,794,633	\$ 4,368,996	\$ 4,276,696
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	13%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%	20.07%

\*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.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**PERA HEALTHCARE TRUST FUND**  
**For the Years Ended June 30,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 50,549	\$ 50,494	\$ 47,439	\$ 42,896	\$ 44,486	\$ 43,456	\$ 43,203	\$ 44,866	\$ 44,289	\$ 42,568
Contributions in relation to the contractually required contribution	<u>(50,549)</u>	<u>(50,494)</u>	<u>(47,439)</u>	<u>(42,896)</u>	<u>(44,486)</u>	<u>(43,456)</u>	<u>(43,203)</u>	<u>(44,866)</u>	<u>(44,289)</u>	<u>(42,568)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	4,955,752	4,950,412	4,650,917	4,205,482	4,361,368	4,260,421	4,235,615	4,398,657	4,342,089	4,173,305
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

See Notes to the Required Supplementary Information.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS**  
**For the Year Ended June 30, 2020**

**NOTE 1 NET PENSION LIABILITY**

Changes in assumptions or other inputs effective for the December 31<sup>st</sup> measurement period for the following years ended:

- 2019* The post-retirement benefit increases to the PERA benefit structure for those hired prior to 1/1/07 was changed from 0% through 2019 and 1.5% compounded annually thereafter, to 1.25%.
- 2018* The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.78%
- 2017* The discount rate was lowered from 5.26% to 4.78%.
- 2016*
- The price inflation assumption was lowered from 2.80% to 2.40%.
  - The long-term expected rate of return assumption was lowered from 7.50% to 7.25% per year.
  - The wage inflation assumption was lowered from 3.90% to 3.50%.
  - The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for actively working people, RP-2014 Healthy Annuitant Mortality Table projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
  - The discount rate was lowered from 7.50% to 5.26%.
- 2015* There were no changes in assumptions or other inputs this measurement period compared to the prior year.

**NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY**

Changes in assumptions or other inputs effective for the December 31<sup>st</sup> measurement period for the following years ended:

- 2019*
- The PERA benefit structure for PERACare Medicare plans was revised from 5.00 percent to 5.60 percent in 2019, gradually decreasing to 4.5 percent in 2019.
  - The PERA benefit structure for Medicare Part A premiums was revised from 3.25 percent for 2018. Gradually rising to 5.00 percent in 2025 to .5 percent in 2019, gradually increasing to 4.5 percent in 2029.
  - The monthly cost/premium assumed for the PERA benefit structure were revised from the following in 2018:

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS**  
**For the Year Ended June 30, 2020**

	Cost for Members without Medicare Part A	Premiums for Members without Medicare part A
Medicare Plan		
Self-Funded Medicare Supplement Plans	\$ 736	\$ 367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
United Healthcare Medicare HMO	686	213

	Cost for Members without Medicare Part A	Premiums for Members without Medicare part A
to the following in 2019:		
Medicare Plan		
Medicare Advantage/Self-Insured Prescription	\$ 601	\$ 240
Kaiser Permanente Medicare Advantage HMO	605	237

The Medicare Part A premium was increased from \$422 to \$437 per month.

The initial expected value of Medicare Part A benefits were revised from the following in 2018:

	Cost for Members without Medicare Part A
Medicare Plan	
Self-Funded Medicare Supplement Plans	\$ 289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
United Healthcare Medicare HMO	400

	Cost for Members without Medicare Part A
to the following in 2019:	
Medicare Plan	
Medicare Advantage/Self-Insured Prescription	\$ 562
Kaiser Permanente Medicare Advantage HMO	571

*2018* There were no changes in assumptions or other inputs effective this measurement period compared to the prior year.

*2017* The Medicare Part A premiums were raised from 3.00% to 3.25%, as well as the gradual percentage rose from 4.25% in 2023 to 5.00% in 2025.

# **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.

**Bond Redemption 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.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2020**

	<u>SPECIAL REVENUE FUNDS</u>		<u>BOND REDEMPTION FUND</u>	<u>TOTAL NONMAJOR FUNDS</u>
	<u>PUPIL ACTIVITY FUND</u>	<u>FOOD SERVICE FUND</u>		
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 18,682	\$ 67,835	\$ 367,064	\$ 453,581
Accounts Receivable	-	(384)	-	(384)
Due from Other Governments	-	9,569	20,137	29,706
Inventory	-	4,602	-	4,602
<b>TOTAL ASSETS</b>	<u>\$ 18,682</u>	<u>\$ 81,622</u>	<u>\$ 387,201</u>	<u>\$ 487,505</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 14,457	\$ 483	\$ -	\$ 14,940
Accrued Salaries and Benefits	-	5,761	-	5,761
Due to Other Funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>14,457</u>	<u>6,244</u>	<u>-</u>	<u>20,701</u>
<b>FUND BALANCE</b>				
Nonspendable:				
Inventory	-	4,602	-	4,602
Restricted for:				
Debt Service	-	-	387,201	387,201
Committed for:				
Pupil Activity Fund	4,225	-	-	4,225
Food Services	-	70,776	-	70,776
<b>TOTAL FUND BALANCE</b>	<u>4,225</u>	<u>75,378</u>	<u>387,201</u>	<u>466,804</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 18,682</u>	<u>\$ 81,622</u>	<u>\$ 387,201</u>	<u>\$ 487,505</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, 2020**

	<u>SPECIAL REVENUE FUNDS</u>		<u>BOND REDEMPTION FUND</u>	<u>TOTAL NONMAJOR FUNDS</u>
	<u>PUPIL ACTIVITY FUND</u>	<u>FOOD SERVICE FUND</u>		
<b>REVENUES</b>				
Federal Sources	\$ -	\$ 506,667	\$ -	\$ 506,667
State Sources	-	12,802	-	12,802
Local Sources	31,604	8,674	357,358	397,636
<b>TOTAL REVENUES</b>	<u>31,604</u>	<u>528,143</u>	<u>357,358</u>	<u>917,105</u>
<b>EXPENDITURES</b>				
Instructional Program	27,614	-	-	27,614
Debt Service	-	-	350,135	350,135
Food Services	-	465,828	-	465,828
<b>TOTAL EXPENDITURES</b>	<u>27,614</u>	<u>465,828</u>	<u>350,135</u>	<u>843,577</u>
Excess (deficiency) of revenues over expenditures	3,990	62,315	7,223	73,528
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer From Other Funds	(29,581)	-	-	(29,581)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(29,581)</u>	<u>-</u>	<u>-</u>	<u>(29,581)</u>
Net Change in Fund Balance	(25,591)	62,315	7,223	43,947
<b>Fund Balance, Beginning of Year</b>	<u>29,816</u>	<u>13,063</u>	<u>379,978</u>	<u>422,857</u>
<b>Fund Balance, End of Year</b>	<u>\$ 4,225</u>	<u>\$ 75,378</u>	<u>\$ 387,201</u>	<u>\$ 466,804</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, 2020**

	<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>
<b>REVENUES</b>				
Local Sources				
Pupil Activities	\$ 49,112	\$ 49,112	\$ 31,604	\$ (17,508)
<b>TOTAL REVENUES</b>	<u>49,112</u>	<u>49,112</u>	<u>31,604</u>	<u>(17,508)</u>
<b>EXPENDITURES</b>				
Instructional Program	<u>66,112</u>	<u>66,112</u>	<u>27,614</u>	<u>38,498</u>
<b>TOTAL EXPENDITURES</b>	<u>66,112</u>	<u>66,112</u>	<u>27,614</u>	<u>38,498</u>
Excess (deficiency) of revenues over expenditures	(17,000)	(17,000)	3,990	20,990
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer From Other Funds	<u>17,000</u>	<u>(12,816)</u>	<u>(29,581)</u>	<u>(16,765)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>17,000</u>	<u>(12,816)</u>	<u>(29,581)</u>	<u>(16,765)</u>
Net Change in Fund Balance	-	(29,816)	(25,591)	4,225
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>29,816</u>	<u>29,816</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,225</u>	<u>\$ 4,225</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, 2020**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Federal Sources	\$ 413,900	\$ 413,900	\$ 506,667	\$ 92,767
State Sources	3,357	3,357	12,802	9,445
Local Sources	13,644	13,644	8,674	(4,970)
<b>TOTAL REVENUES</b>	<u>430,901</u>	<u>430,901</u>	<u>528,143</u>	<u>97,242</u>
<b>EXPENDITURES</b>				
Supporting Services				
Food Services				
Salaries	163,581	152,575	158,722	(6,147)
Fringe Benefits	82,759	82,759	68,332	14,427
Purchased Services	4,950	4,950	1,636	3,314
Food and Commodities	272,450	272,450	235,061	37,389
Other Operating	700	700	2,077	(1,377)
<b>TOTAL EXPENDITURES</b>	<u>524,440</u>	<u>513,434</u>	<u>465,828</u>	<u>47,606</u>
Excess (deficiency) of revenues over expenditures	(93,539)	(82,533)	62,315	144,848
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer From Other Funds	93,539	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>93,539</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	(82,533)	62,315	49,636
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>82,533</u>	<u>13,063</u>	<u>(69,470)</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,378</u>	<u>\$ 75,378</u>

**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, 2020**

	<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>
<b>REVENUES</b>				
Local Sources	\$ 345,013	\$ 345,013	\$ 357,358	\$ 12,345
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<u>345,013</u>	<u>345,013</u>	<u>357,358</u>	<u>12,345</u>
<b>EXPENDITURES</b>				
Debt Service	345,013	345,013	350,135	(5,122)
Reserves	309,747	309,747	-	309,747
<b>TOTAL EXPENDITURES</b>	<u>654,760</u>	<u>654,760</u>	<u>350,135</u>	<u>304,625</u>
Net Change in Fund Balance	(309,747)	(309,747)	7,223	316,970
<b>Fund Balance, Beginning of Year</b>	<u>309,747</u>	<u>309,747</u>	<u>379,978</u>	<u>70,231</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 387,201</u>	<u>\$ 387,201</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, 2020**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<b><i>Child Nutrition Cluster</i></b>			
United States Department of Agriculture School Breakfast Program	10.553	Colorado Department of Education, 4553	\$ 93,221
Total School Breakfast Program			<u>93,221</u>
National School Lunch Program	10.555	Colorado Department of Human Services, 4555	21,157
COVID-19 - National School Lunch Program	10.555	Colorado Department of Education, 4555	170,080
National School Lunch Program	10.555	Colorado Department of Education, 4555	214,543
Total National School Lunch Program			<u>405,780</u>
<b><i>Total Child Nutrition Cluster</i></b>			<u>499,001</u>
<b><i>Forest Service Schools and Roads Cluster</i></b>			
United States Department of Agriculture  Schools and Roads - Grants to States	10.665	Colorado Department of Treasury and Saguache County Treasurer, 7665	1,254,759
<b><i>Total Forest Service Schools and Roads Cluster</i></b>			<u>1,254,759</u>
<b><i>Total United States Department of Agriculture</i></b>			1,753,760
<b><i>Highway Planning and Construction Cluster</i></b>			
United States Department of Transportation  Highway Planning and Construction	20.205	Colorado Department of Transportation, 7205	29,894
<b><i>Total Highway Planning and Construction Cluster</i></b>			<u>29,894</u>
<b><i>Total All Clusters</i></b>			<u>1,783,654</u>
<b><i>Other Programs</i></b>			
United States Department of Education Title I Grants to Local Educational Agencies Career and Technical Education -- Basic Grants to States	84.010 84.048	Colorado Department of Education, 4010 Colorado Community Colleges, 4048	389,851 24,295
Safe and Drug-Free Schools and Communities - National Programs	84.184	Colorado Department of Education, 8174	46,985
Rural Education	84.358	Colorado Department of Education, 6358	11,877
English Language Acquisition State Grants	84.365	Colorado Department of Education, 4365	14,974
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Colorado Department of Education, 4367	39,409
Student Support and Academic Enrichment Grants	84.424	Colorado Department of Education, 4424	29,673
Special Education - State Personnel Development	84.323	Colorado Department of Education, 5323	24,578
<b><i>Total Department of Education</i></b>			<u>581,642</u>
United States Department of Agriculture Fresh Fruit and Vegetable Program	10.582	Colorado Department of Education, 4582	7,666
<b><i>Total United States Department of Agriculture</i></b>			<u>7,666</u>
United States Department of Treasury Coronavirus Relief Fund	21.019	Colorado Department of Education, 4012	118,084
<b><i>Total United States Department of Treasury</i></b>			<u>118,084</u>
<b><i>Total Other Programs</i></b>			<u>707,392</u>
<b><i>Total Expenditures of Federal Awards</i></b>			<u>\$ 2,491,046</u>

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2020**

**NOTE 1: 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, 2020. In addition, the District did not pass-through federal funds to subrecipients.

**NOTE 2: 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, 2020. 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 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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 01, 2021.

### **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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as Finding 2020-001, that we consider to be a material weakness.

**Certified Public Accountants**

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | [www.wsbcpa.com](http://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*.

### **District's Response to the Finding**

The District's response to the finding identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

February 01, 2021

**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, 2020. The District's major federal programs are identified in the summary of auditors' 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, 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, 2020.

**Certified Public Accountants**

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | [www.wsbcpa.com](http://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.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

February 01, 2021

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2020**

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_X\_\_\_ yes    \_\_\_ 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>
10.665	Forest Service Schools and Roads Cluster

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

Auditee qualified as a low-risk auditee? \_\_\_ yes    \_\_\_X\_\_\_ no

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2020**

**Section II – Financial Statement Findings**

**Finding 2020-001: Internal Control Over Financial Reporting**  
**(Repeat of Finding 2019-001 and 2018-001)**

*Type of Finding: Internal Control (material weakness)*

*Condition:* The District does not have a complete system of internal control to prevent and detect financial misstatements.

*Cause:* The Finance Office was required to continue day to day operations while working to remedy prior year reconciliation challenges and catching up on current year activity.

*Criteria:* A system of internal control includes the design, documentation and monitoring of control activities over the application of accounting principles, non-routine transactions, and financial statement preparation.

*Effect:* As a result of this condition, the following areas were affected:

1. Audit adjustments were proposed to properly state the financial statements as of June 30, 2020, in accordance with generally accepted accounting principles.

*Recommendation:* The District should continue to strengthen its internal controls with adopted policies and procedures to reconcile account balances and record necessary adjustments when performing monthly financial close and reporting at year end to ensure accurate financial statement reporting.

*Management's Response:* See corrective action plan.

**Section III – Federal Award Findings and Questioned Costs**

None

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2020**

**Section II – Financial Statement Findings**

**Finding 2019-001: Internal Control Over Financial Reporting  
(Repeat of Finding 2018-001)**

*Type of finding: Internal Control (material weakness)*

*Condition/Cause:* The District does not have a complete system of internal control to prevent and detect financial misstatements and ensure compliance with provisions of laws, regulations, contracts, and grant agreements.

*Status:* Partially implemented. See Finding 2020-001



# CENTER CONSOLIDATED SCHOOL DISTRICT 26JT

550 S.Sylvester Ave Center Colorado 81125 719.754.3442 Fax 719.754.3952  
http://www.center.k12.co.us email: ccsd@center.k12.co.us

## CORRECTIVE ACTION PLAN

Oversight Agency - U.S. Department of Education

Center Consolidated School District No. 26JT respectfully submits the following corrective action plan for the year ended June 30, 2020.

Independent Accountants: Wall, Smith, Bateman Inc.  
Certified Public Accountants  
3001 Adcock Circle, P.O. Box 809  
Alamosa, CO 81101

Audit period: Year ended June 30, 2020

The findings from the June 30, 2020 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

### Section II – Financial Statement Findings

#### **Finding 2020-001: Internal Control Over Financial Reporting (Repeat of Finding 2019-001 and 2018-001)**

*Type of finding: Internal Control (material weakness)*

*Recommendation:* The District should continue to strengthen its internal controls with adopted policies and procedures to reconcile account balances and record necessary adjustments when performing monthly financial close and reporting at year end to ensure accurate financial statement reporting.

*Action Taken:*

Quarterly checks on our financial status and accounting process including review of revenue, expenditures, due to/from liabilities, accounts payable and fund balances. Completion Date: 03-31-2021: Persons Responsible: Director of Finance, Superintendent of Schools



# CENTER CONSOLIDATED SCHOOL DISTRICT 26JT

550 S.Sylvester Ave Center Colorado 81125 719.754.3442 Fax 719.754.3952  
<http://www.center.k12.co.us> email: [ccsd@center.k12.co.us](mailto:ccsd@center.k12.co.us)

If the U.S. Department of Education has questions regarding this plan, please call the responsible parties listed below.

Sincerely yours,

Carrie Zimmerman  
Superintendent  
Center Consolidated School District No. 26JT

Coleen Salazar  
Finance Director  
Center Consolidated School District No. 26JT

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**

**CDE COMPLIANCE SECTION**



Colorado Department of Education

Auditors Integrity Report

District: 2810 - Center 26 JT

Fiscal Year 2019-20

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	1,277,779	8,271,827	6,433,990	3,115,617
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	108,624	395,696	363,145	141,175
<b>Sub- Total</b>	<b>1,386,404</b>	<b>8,667,523</b>	<b>6,797,135</b>	<b>3,256,792</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	13,063	528,144	465,828	75,378
22 Govt Designated-Purpose Grants Fund	23,610	1,898,856	1,896,433	26,032
23 Pupil Activity Special Revenue Fund	29,816	2,023	27,614	4,225
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	379,977	357,358	350,134	387,201
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
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>1,832,869</b>	<b>11,453,904</b>	<b>9,537,145</b>	<b>3,749,628</b>
<b>Proprietary</b>				
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
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
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	114,207	102,952	107,531	109,627
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>114,207</b>	<b>102,952</b>	<b>107,531</b>	<b>109,627</b>

FINAL