

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

FINANCIAL STATEMENTS

June 30, 2021



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

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT

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June 30, 2021

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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, 2021, 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, 2021, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1- Summary of Significant Accounting Policies, in fiscal year 2021 the District adopted the provisions of GASB Statement No. 84, Fiduciary Activities, thereby reporting the Student Activity Agency Fund combined with the Pupil Activity Special Revenue Fund. The District previously reported a majority of this activity in a fiduciary fund. Our opinion is not modified with respect to this matter.

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 (CFR) 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 January 03, 2022, 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

January 03, 2022

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

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, 2021.

Financial Highlights

Total Net Position as of June 30, 2020 was \$9,085,534. Total Net Position as of June 30, 2021 was \$12,978,149, which is an increase of \$3,892,615. 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 and additional COVID Funds to the Governmental Designated-Purpose Grants Fund, which relieved some spending costs within the General Fund.

Total General Fund revenues for Fiscal Year 2021 came in at \$6,824,001, a decrease of \$1,635,908 as compared to Fiscal Year 2020. State Sources brought in total revenues of \$5,121,784, which includes a total of \$4,672,041 in State Equalization (Per Pupil Funding). The reduction to State Equalization reflects the issue that the budget stabilization factor was doubled as the State anticipated a big budget shortfall due to the COVID 19 Pandemic. Local sources of income came in at \$1,520,911 and Federal Sources brought in \$168,743 of which is primarily from US Forest Reserve Funding received from the counties.

Total General Fund expenditures for the Fiscal Year 2021 were \$6,743,340, a decrease of \$53,795 as compared to June 30, 2020. The difference is not significant as compared to the Fiscal Year 2020, however, it should be noted that payables totaling \$311,161 were the result of the Colorado PERA (Public Employees' Retirement Association) audit which occurred during the Fiscal Year 2021. Although final payment occurred in the Fiscal Year 2022, this is duly noted as a subsequent event, and thus, reported in the Fiscal Year 2021. Remote learning during the fiscal year 2021 occurred once within the fiscal year. The District also experienced hybrid model rotating days on three occurrences during the academic 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 additional COVID Relief Funds from the ESSER (Elementary and Secondary School Emergency Relief) Education Money and other smaller grants to help pay for supplies and salaries through Fiscal Year 2021.

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.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

- 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. This was generally fund 74, Trust & Agency for the Center Consolidated School District but those expense and revenue and fund balances were moved to the Special Revenue Pupil Activity Fund 23 during the Fiscal Year 2021, in accordance with the CDE (Colorado Department of Education) guidelines.

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

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

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.

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. Again, the fiduciary fund balances in fund 74 were moved to the Special Revenue Fund 23 during the Fiscal Year 2021.

Analysis of District Financial Position

The Center Consolidated School District ended the 2020-2021 fiscal year with a General Fund – fund balance of \$3,347,836, an increase of \$91,044 as compared to the Fiscal Year 2020 ending fund balance of \$3,256,792. The overall fund balance including all funds is \$4,112,585.

Center Schools has had fairly stable student numbers over the past few years, making the revenue budgeting process more predictable. The District’s total student membership with an average funded pupil count of 592 students and a PPOR of \$9,299. The budget stabilization factor was doubled as the State anticipated a big budget shortfall due to the COVID 19 Pandemic. However, State Equalization will increase in the Fiscal Year 2022 by at least \$1,238,279. The District paid employee benefits as a result of a Colorado PERA (Public Employees’ Retirement Association) audit. Although final expense for this process was not received and paid until the first quarter of the fiscal year 2022, because this is established as a sub sequential event, \$311,161 was recorded as a payable in the fiscal year 2021. Another major factor to expense and fund balance included the Bus Lease Proceeds of \$177,749 from Assets to Expense. The District received ESSER I and ESSER III (Elementary and Secondary School Emergency Relief) Funds which helped to offset some salaries and supplies related to COVID. The District will receive ESSER II and will continue to receive ESSER III funds in the fiscal year 2022. 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 anticipates an increase in per pupil funding during the 2021-2022 fiscal year, as well as more funding to serve English Language Learners. As previously stated, other major grants that the District shall receive in the Fiscal Year 2022

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

Analysis of Balances and Transactions of Individual Funds

General Fund: The 2020-2021 fiscal year ending fund balance of \$3,347,836 represents an increase of \$91,044 from the previous fiscal year's ending fund balance of, \$3,256,792. After factoring in the District's State Equalization share for the Fiscal Year 2021 and all expenditures, including those of a sub sequential nature, the District still maintains a healthy Fund Balance.

Expenditures in the General Fund came in \$3,302,252 under budget. This can be attributed to the use of ESSER Funds which helped relieve some salaries, benefits and other expenditures directly affected by the COVID pandemic. The District's revenues came in \$21,831 less than anticipated.

GDPG Fund: Our GDPG Fund revenues for 2020-2021 were \$3,408,604, an increase of \$1,509,749 from 2019-2020 revenues of \$1,898,855 primarily due to the funds received from the Federal COVID Funds for ESSER I and ESSER III. 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 2020-2021 was \$540,817. Total operating expenses for the 2020-2021 School Year were \$445,125. Ending Fund Balance in the Food Service Fund at June 30, 2021 was \$171,070, an increase of \$95,692 from the Beginning Fund Balance of \$75,378 at June 30, 2020.

Special Revenue Student Activity Fund: Total expenditures from the Special Revenue Student Activity Fund for 2020-2021 were \$94,779, an increase of \$67,165 from the Fiscal Year 2020-2021. This is the result of moving Fund 74, Trust & Agency, to Fund 23 in Fiscal Year 2021. The Special Revenue Pupil Activity Fund continues to see expenditures increase primarily due to referee payments and other athletic costs.

Bond Redemption Fund: Total Revenues for the Bond Redemption Fund were \$366,674; and, Total Expenditures were \$345,320 at June 30, 2021. The Bond Redemption Fund had an ending fund balance of \$408,555 at June 30, 2021. 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, 2021

Condensed Financial Information

Condensed Statement of Activities

For the year ended June 30, 2021 and 2020

	2021	2020
	Governmental Activities	Governmental Activities
Beginning Net Position	\$ 9,085,534	\$ 5,465,123
Revenues		
Program revenues		
Charges for services	35,733	49,062
Operating grants & contributions	4,761,100	4,409,724
Capital grants & contributions	36,088	29,930
General revenues		
Property taxes	1,366,106	1,342,178
Other taxes	233,789	202,092
State equalization	4,672,041	5,128,996
Other	142,739	114,441
Total Revenues	11,247,596	11,276,423
Expenses		
Instructional Program	3,392,321	3,796,065
Student and Instructional services	1,249,382	1,273,160
Administration and business	873,968	748,065
Operations and maintenance	794,598	726,983
Transportation	204,932	239,670
Food Services	358,748	411,473
Interest on Long-Term Debt	151,359	131,058
Other	452,464	329,538
Total Expenses	7,477,772	7,656,012
Changes in Net Position	3,769,824	3,620,411
Transfers	-	-
Change in Accounting Principle	122,791	-
Increase (decrease) in Net Position	3,892,615	3,620,411
Net Position, Beginning of the Year,		
Year, Restated	9,208,325	5,465,123
Net Position, End of Year	\$ 12,978,149	\$ 9,085,534

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Condensed Financial Information (continued)

**Condensed Statement of Changes in
Net Position
For the year ended June 30, 2021 and 2020**

	2021	2020
	Governmental Activities	Governmental Activities
Assets		
Current assets	\$ 7,761,499	\$ 5,783,445
Capital assets	28,628,822	29,030,826
Total Assets	36,390,321	34,814,271
Deferred Outfl of Resources	3,671,290	1,606,684
Liabilities		
Current liabilities	3,908,376	2,329,227
Noncurrent liabilities	17,089,592	16,450,170
Total Liabilities	20,997,968	18,779,397
Deferred Infl of Resources	6,085,494	8,556,024
Net Position		
Capital Assets	25,701,223	25,820,255
Restricted for Preschool	114,449	141,171
Restricted for Debt	408,555	387,201
Restricted for TABOR	255,000	255,000
Unrestricted	(13,501,078)	(17,518,093)
Total Net Position	\$ 12,978,149	\$ 9,085,534

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, 2021 is \$3,067,453. Of this amount, \$2,822,688 is in the form of General Obligation Bonds for construction of a new school; Lease Purchase Agreements (New Bus and Microbus) balance is \$104,911. In addition, there were compensated absences payables of \$139,854.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Capital Assets at June 30, 2021

Condensed Statement of Changes in Capital Assets (Net of Depreciation)
For the year ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
	Governmental Activities	Governmental Activities
Land	\$69,214	\$69,214
Construction in Progress	-	-
Land Improvements	1,320,166	1,444,557
Infrastructure	67,869	38,625
Equipment	636,776	532,613
Buildings	<u>26,534,797</u>	<u>26,945,817</u>
Total	<u>\$28,628,822</u>	<u>\$29,030,826</u>

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.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

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.

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, 2021

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 4,992,618
Accounts Receivable	73,969
Due from Other Governments	2,618,376
Property Tax Receivable	71,934
Inventory	4,602
Total Current Assets	7,761,499
Noncurrent Assets	
Capital Assets	
Land	69,214
Land Improvements	2,475,797
Buildings	30,715,122
Equipment	3,114,039
Infrastructure	126,027
Less Accumulated Depreciation	(7,871,377)
Total Noncurrent Assets	28,628,822
TOTAL ASSETS	36,390,321
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	3,617,061
OPEB	54,229
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,671,290
Current Liabilities	
Accrued Interest Payable	12,436
Accounts Payable	317,592
Accrued Salaries and Benefits	828,004
Unearned Grant Revenue	2,456,743
General Obligation Bonds	234,206
Compensated Absences	-
Lease Purchase Agreements	59,395
Total Current Liabilities	3,908,376
Noncurrent Liabilities	
General Obligation Bonds	2,588,482
Compensated Absences	139,854
Lease Purchase Agreements	45,516
Net Pension Liability	13,813,436
Net OPEB Liability	502,304
Total Noncurrent Liabilities	17,089,592
TOTAL LIABILITIES	20,997,968
DEFERRED INFLOWS OF RESOURCES	
Pensions	5,835,103
OPEB	203,813
Deferred Revenue - Property Tax	46,578
TOTAL DEFERRED INFLOWS OF RESOURCES	6,085,494

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

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
STATEMENT OF NET POSITION
June 30, 2021

	<u>Primary Government Governmental Activities</u>
NET POSITION	
Net Investment in Capital Assets	25,701,223
Restricted for:	
TABOR	255,000
Preschool	114,449
Debt Service	408,555
Unrestricted	<u>(13,501,078)</u>
TOTAL NET POSITION	<u><u>\$ 12,978,149</u></u>

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, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Revenue and Changes in Net Position
					Primary Government
Primary Government:					
Governmental Activities:					
Instructional Program	\$ 3,392,321	\$ 10,493	\$ 2,289,852	\$ -	\$ (1,091,976)
Student Supporting Services	554,408	7,686	1,581,546	-	1,034,824
Instructional Staff Supporting Services	694,974	-	212,920	-	(482,054)
General Administration Supporting Services	552,273	-	-	-	(552,273)
School Administration Supporting Services	252,277	-	3,000	-	(249,277)
Business Supporting Services	69,418	-	-	-	(69,418)
Operations & Maintenance of Plant Services	794,598	-	-	36,088	(758,510)
Student Transportation Services	204,932	-	83,267	-	(121,665)
Central Supporting Services	266,925	-	-	-	(266,925)
Non Instructional Parent Services	62,333	-	-	-	(62,333)
Community Services	123,206	-	67,252	-	(55,954)
Food Services	358,748	17,554	523,263	-	182,069
Interest on Long-term Debt	151,359	-	-	-	(151,359)
Total Governmental Activities	<u>7,477,772</u>	<u>35,733</u>	<u>4,761,100</u>	<u>36,088</u>	<u>(2,644,851)</u>
Total Primary Government	<u>\$ 7,477,772</u>	<u>\$ 35,733</u>	<u>\$ 4,761,100</u>	<u>\$ 36,088</u>	<u>(2,644,851)</u>
General Revenues:					
Taxes:					
					1,366,106
					232,826
					963
					4,672,041
					142,739
					<u>6,414,675</u>
					<u>3,769,824</u>
					9,085,534
					<u>122,791</u>
					<u>9,208,325</u>
					<u>\$ 12,978,149</u>

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

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2021

	GENERAL FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 4,088,914	\$ 300,892	\$ 602,812	\$ 4,992,618
Accounts Receivable	72,291	-	1,678	73,969
Property Tax Receivable	52,651	-	19,283	71,934
Due from Other Funds	-	29,660	1,501	31,161
Due from Other Governments	115,200	2,395,690	107,486	2,618,376
Inventory	-	-	4,602	4,602
TOTAL ASSETS	\$ 4,329,056	\$ 2,726,242	\$ 737,362	\$ 7,792,660
LIABILITIES				
Accounts Payable	\$ 309,230	\$ 5,327	\$ 3,035	\$ 317,592
Accrued Salaries and Benefits	578,905	236,236	12,863	828,004
Due to Other Funds	31,161	-	-	31,161
Unearned Grant Revenue	27,833	2,428,910	-	2,456,743
TOTAL LIABILITIES	947,129	2,670,473	15,898	3,633,500
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue - Property Tax	34,093	-	12,485	46,578
FUND BALANCE				
Nonspendable:				
Inventory	-	-	4,602	4,602
Restricted for:				
TABOR 3% Reserve	255,000	-	-	255,000
Preschool	114,449	-	-	114,449
Debt Service	-	-	408,555	408,555
Committed for:				
Grants	-	55,769	-	55,769
Pupil Activity Fund	-	-	129,354	129,354
Food Services	-	-	166,468	166,468
Multi-Year Obligation	1,161,308	-	-	1,161,308
Assigned for: Subsequent Years	-	-	-	-
Unassigned:	1,817,077	-	-	1,817,077
TOTAL FUND BALANCE	3,347,834	55,769	708,979	4,112,582
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND EQUITY	\$ 4,329,056	\$ 2,726,242	\$ 737,362	\$ 7,792,660

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, 2021

Total governmental fund balances		\$ 4,112,582
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.		28,628,822
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.		3,671,290
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Refunding Bonds	\$ (2,822,688)	
Accrued Interest Payable	(12,436)	
Lease Purchase Agreements	(104,911)	
Compensated Absences	<u>(139,854)</u>	
		(3,079,889)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.		(14,315,740)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.		<u>(6,038,916)</u>
Net position of governmental activities		<u><u>\$ 12,978,149</u></u>

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
For the Year Ended June 30, 2021

	GENERAL FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Federal Sources	\$ 168,743	\$ 2,143,341	\$ 520,003	\$ 2,832,087
State Sources	5,121,784	976,253	3,260	6,101,297
Intermediate Sources	12,563	40,726	-	53,289
Local Sources	1,520,911	248,284	481,345	2,250,540
TOTAL REVENUES	6,824,001	3,408,604	1,004,608	11,237,213
EXPENDITURES				
Instructional Program	3,596,606	1,135,859	82,458	4,814,923
Student Supporting Services	184,963	782,232	1,229	968,424
Instructional Staff Supporting Services	296,064	929,660	-	1,225,724
General Administration Supporting Services	663,605	-	-	663,605
School Administration Supporting Services	475,969	14,990	-	490,959
Business Administration Supporting Services	141,473	2,442	-	143,915
Operations and Maintenance of Plant Services	727,908	214,136	251	942,295
Student Transportation Services	401,091	25,447	-	426,538
Central Supporting Services	163,419	103,506	-	266,925
Non Instructional Parent Services	-	88,790	-	88,790
Community Services	30,802	81,805	10,599	123,206
Food Services	-	-	445,367	445,367
Debt Service	61,440	-	345,320	406,760
TOTAL EXPENDITURES	6,743,340	3,378,867	885,224	11,007,431
Excess (deficiency) of revenues over expenditures	80,661	29,737	119,384	229,782
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	10,383	-	-	10,383
Transfer from Other Funds	-	-	-	-
Transfer to Other Funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	10,383	-	-	10,383
Net Change in Fund Balance	91,044	29,737	119,384	240,165
FUND BALANCE, Beginning of Year, As Previously Stated	3,256,790	26,032	466,804	3,749,626
Changes in Accounting Principle	-	-	122,791	122,791
FUND BALANCE, Beginning of Year, Restated	3,256,790	26,032	589,595	3,872,417
FUND BALANCE, End of Year	\$ 3,347,834	\$ 55,769	\$ 708,979	\$ 4,112,582

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, 2021

Net change in fund balances - total governmental funds \$ 240,165

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	\$ 227,476	
Capital Asset Deletions	-	
Depreciation expense	<u>(629,480)</u>	(402,004)

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	-	
Principal payment on general obligation bonds	225,021	
Principal payment on lease purchase agreement	<u>57,951</u>	282,972

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		(27,571)
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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.

3,676,262

Change in net position of governmental funds \$ 3,769,824

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

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, 2021

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, 2021

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, 2021

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 departures 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 (FNP) 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, 2021.

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 (FNP) 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, 2021

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, 2021

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.

Change in Accounting Principle

During fiscal year 2021, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which revises and establishes new criteria for identification of fiduciary activities. The District previously reported the student activity in an agency fund. Beginning in fiscal year 2020-2021, a majority of the activity has been more appropriately presented in a Pupil Activity Special Revenue Fund. Accordingly, the Pupil Activity Special Revenue Fund reports a restated beginning balance of \$122,791.

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 2021.

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

Stewardship

Expenditures in the Bond Fund exceeded appropriations by \$307 during fiscal year 2021. This may be a violation of Colorado Revised Statutes 22-44-115(1).

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

At June 30, 2021, the District's cash, deposits, and investments were reported in the financial statements as follows:

Cash in Bank	\$	4,611,328
Cash on Hand		140
Investments		381,150
Total Cash and Deposits	\$	4,992,618

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, \$5,165,719, of the District's bank balance of \$5,415,719 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

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

maintain a weighted average maturity of 60 days or less. Each share is equal in value to \$1.00. This investment is unrated and is 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).

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, 2021, consisted of the following:

General Fund	\$	72,291
Nonmajor Funds		1,678
	\$	73,969

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, 2021, the District had \$2,618,796 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, 2021, were as follows:

Receivable Fund	Payable Fund	Amount
Governmental Des. Purpose Grants Fund	General Fund	\$ 29,660
Food Service Fund	General Fund	1,501
		\$ 31,161

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance 06/30/2020	Additions	Deletions	Balance 06/30/2021
Governmental Activities				
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	30,715,122	-	-	30,715,122
Equipment	3,093,043	192,966	171,970	3,114,039
Infrastructure	91,517	34,510	-	126,027
Total capital assets being depreciated	<u>36,375,479</u>	<u>227,476</u>	<u>171,970</u>	<u>36,430,985</u>
Less accumulated depreciation for:				
Land Improvements	1,031,240	124,391	-	1,155,631
Buildings	3,769,305	411,020	-	4,180,325
Equipment	2,560,430	88,803	171,970	2,477,263
Infrastructure	52,892	5,266	-	58,158
Total capital assets being depreciated	<u>7,413,867</u>	<u>629,480</u>	<u>171,970</u>	<u>7,871,377</u>
Total Capital Assets being depreciated, net	<u>28,961,612</u>	<u>(402,004)</u>	<u>-</u>	<u>28,559,608</u>
Governmental Activities, net	<u><u>\$ 29,030,826</u></u>	<u><u>\$ (402,004)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,628,822</u></u>

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

Governmental activities:	
Instructional Program	\$ 543,905
General Administration Supporting Services	18,509
Operations & Maintenance of Plant Services	8,681
Student Transportation Services	46,408
Food Services	<u>11,977</u>
Total depreciation expense - governmental activities	<u><u>\$ 629,480</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

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$828,004.

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 \$25,068.

NOTE 10 LONG-TERM LIABILITIES

Changes in Long-Term Debt

Long-term liability balances for the year ended June 30, 2021, were as follows:

	Balance 06/30/2020	Additions	Deletions	Balance 06/30/2021	Due Within One Year
Governmental Activities					
G.O. Bonds Payable	\$ 3,047,709	\$ -	\$ 225,021	\$ 2,822,688	\$ 234,206
Lease Purchase Agreements	162,862	-	57,951	104,911	59,395
Compensated Absences	112,283	27,571	-	139,854	-
Total	<u>\$ 3,322,854</u>	<u>\$ 27,571</u>	<u>\$ 282,972</u>	<u>\$ 3,067,453</u>	<u>\$ 293,601</u>

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 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	274,854	37,286	312,140
FY 2027-2030	1,552,070	232,476	1,784,546
	<u>\$ 2,822,688</u>	<u>\$ 614,091</u>	<u>\$ 3,436,779</u>

Lease Purchase Agreements

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, 2021 was \$104,911.

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

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
FY 2022	\$ 59,395	\$ 2,044	\$ 61,439
FY 2023	45,516	563	46,079
	<u>\$ 104,911</u>	<u>\$ 2,607</u>	<u>\$ 107,519</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 (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2020. 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.

As of December 31, 2020, 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, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership 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.

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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, 2021. 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 SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

	July 1, 2020 Through June 30, 2021
Employer Contribution Rate	10.90%
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	9.88%
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	19.88%

*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 (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-2021 fiscal year.

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 \$1,069,494, for the year ended June 30, 2021.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The District's proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

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Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021, the District reported a liability of \$13,813,436 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	\$ 13,813,436
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Center Consolidated School District	-
Total	\$ 13,813,436

At December 31, 2020, the District's proportion was 0.0914 percent, which was an increase of .00058 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of (\$3,630,368) and revenue of \$0 for support from the State as a nonemployer contributing entity. At June 30, 2021, 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	\$ 758,979	\$ -
Changes of assumptions or other inputs	1,328,810	2,321,921
Net difference between projected and actual earnings on pension plan investments	-	3,040,652
Changes in proportionate share	931,980	472,530
Contributions subsequent to the measurement date	597,292	-
Total	\$ 3,617,061	\$ 5,835,103

\$597,292 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2022	\$ (2,424,657)
2023	530,407
2024	(441,404)
2025	(479,680)
2026	-
Thereafter	-

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Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50 – 9.70%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA Benefit Structure hired after 12/31/06 ¹	Financed by the AIR

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

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.

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

The actuarial assumptions used in the December 31, 2019, 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 and were adopted by the PERA Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

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Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40 – 11.00%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA Benefit Structure hired after 12/31/06 ¹	Financed by the AIR

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

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

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

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

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

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

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

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- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 3.00 percent.
- 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. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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- 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. 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, as a nonemployer contribution entity, will provide an annual direct distribution of \$225 million (actual dollars), 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. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State’s 2020-21 fiscal year.
- 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.
- 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 FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 18,842,658	\$ 13,813,436	\$ 9,622,437

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

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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 (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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 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 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.

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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 \$54,873 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$502,304 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the District's proportion was 0.0529 percent, which was a decrease of 0.0031 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021 the District recognized OPEB expense of (\$45,894). At June 30, 2021, 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	\$ 1,333	\$ 110,431
Net difference between projected and actual earnings on OPEB plan investments	-	20,524
Changes of assumptions or other inputs	3,753	30,801
Changes in proportion and differences between contributions recognized and proportionate share of contributions	18,497	42,057
Contributions subsequent to the measurement date	30,646	-
Total	\$ 54,229	\$ 203,813

\$30,646 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2022	\$ (39,603)
2023	(36,732)
2024	(39,719)
2025	(42,859)
2026	(20,004)
Thereafter	(1,313)

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% in 2020, gradually Decreasing to 4.50% in 2029
Medicare Part A premiums	3.50 % in 2020, gradually increasing to 4.50% in 2029

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 in December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, 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:

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Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
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 used in the December 31, 2019 valuation 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:

- 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.

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

	Trust Fund
	School Division
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.40%-11.00%

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

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

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

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

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

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

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

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation 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 2020 plan year.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

- 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.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	<u>100.00%</u>	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
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	\$ 489,321	\$ 502,304	\$ 517,418

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, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- 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.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's FNP 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:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 575,400	\$ 502,304	\$ 439,851

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's Annual Report which can be obtained at 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 comprehensive annual financial report for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. For the year ended June 30, 2021, 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:

- 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, 2021. Complete separate financial statements may be obtained from BOCES.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

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, 2021. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

NOTE 15 TABOR EMERGENCY RESERVE

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

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

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

The amendment also requires that Emergency Reserves be established. These reserves must be at least 3 percent of fiscal year spending. 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.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

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 District has been awarded Coronavirus Aid, Relief, and Economic Security (CARES) Act and Elementary and Secondary School Emergency Relief Funding (ESSER) to mitigate some of the costs/losses incurred as a result of the pandemic. However, no adjustments have been made to these financial statements as the potential impact is unknown at this time.

NOTE 17 SUBSEQUENT EVENTS

The District incurred expenses of \$311,161 on August 2, 2021 as a result of a PERA audit finding related to prior years. A liability has been recorded in the June 30, 2021 financial statements due to the nature and timing of the finding.

NOTE 18 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from the Colorado School Districts Self-Insurance Pool. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT

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, 2021

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Federal Sources	\$ 10,000	\$ 159,622	\$ 168,743	\$ 9,121
State Sources	4,980,527	5,161,077	5,121,784	(39,293)
Local Sources	1,307,208	1,389,207	1,520,911	131,704
Intermediate Sources	3,618	135,926	12,563	(123,363)
TOTAL REVENUES	<u>6,301,353</u>	<u>6,845,832</u>	<u>6,824,001</u>	<u>(21,831)</u>
EXPENDITURES				
Instructional Program	4,050,937	4,163,015	3,596,606	566,409
Student Supporting Services	254,994	254,994	184,963	70,031
Instructional Staff Supporting Services	565,718	565,718	296,064	269,654
General Administration Supporting Services	413,675	414,998	663,605	(248,607)
School Administration Support Services	457,186	457,186	475,969	(18,783)
Business Supporting Services	163,529	163,529	141,473	22,056
Operations and Maintenance of Plant Services	864,623	807,230	727,908	79,322
Student Transportation Services	284,953	307,567	401,091	(93,524)
Central Supporting Services	133,463	226,463	163,419	63,044
Community Services	6,763	43,553	30,802	12,751
Debt Service	61,440	61,440	61,440	-
Reserves	976,753	2,579,899	-	2,579,899
TOTAL EXPENDITURES	<u>8,234,034</u>	<u>10,045,592</u>	<u>6,743,340</u>	<u>3,302,252</u>
Excess (deficiency) of revenues over expenditures	<u>(1,932,681)</u>	<u>(3,199,760)</u>	<u>80,661</u>	<u>3,280,421</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	10,383	10,383
Lease Proceeds	-	-	-	-
Transfer (To) From Other Funds	-	(57,030)	-	57,030
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(57,030)</u>	<u>10,383</u>	<u>67,413</u>
Net Change in Fund Balance	(1,932,681)	(3,256,790)	91,044	3,347,834
Fund Balance, Beginning of Year	<u>1,932,681</u>	<u>3,256,790</u>	<u>3,256,790</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,347,834</u>	<u>\$ 3,347,834</u>

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, 2021

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Federal Sources	\$ 970,070	\$ 1,910,047	\$ 2,143,341	\$ 233,294
State Sources	-	2,074,858	976,253	(1,098,605)
Intermediate Sources	-	28,500	40,726	12,226
Local Sources	19,604	197,322	248,284	50,962
TOTAL REVENUES	989,674	4,210,727	3,408,604	(802,123)
EXPENDITURES				
Instructional Program	664,642	2,023,722	1,135,859	887,863
Student Supporting Services	65,459	1,225,540	782,232	443,308
Instructional Staff Supporting Services	101,314	597,874	929,660	(331,786)
General Administration Supporting Services	-	-	-	-
School Administration Supporting Services	-	18,858	14,990	3,868
Business Administration Supporting Services	-	2,468	2,442	26
Operations and Maintenance of Plant Services	156,959	189,506	214,136	(24,630)
Student Transportation Services	-	17,061	25,447	(8,386)
Central Supporting Services	-	1,031	103,506	(102,475)
Non Instructional Parent Services	-	-	88,790	(88,790)
Community Services	1,300	134,667	81,805	52,862
TOTAL EXPENDITURES	989,674	4,210,727	3,378,867	831,860
Excess (deficiency) of revenues over expenditures	-	-	29,737	29,737
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	-	-	29,737	29,737
Fund Balance, Beginning of Year	-	-	26,032	26,032
Fund Balance, End of Year	\$ -	\$ -	\$ 55,769	\$ 55,769

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,

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0913708930%	0.0855546512%	0.0871270749%	0.0947155023%	0.0953840852%	0.0979193776%	0.0996653595%	0.1070484432%
District's proportionate share of the net pension liability (asset)	\$ 13,813,436	\$ 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	-	-	-	-	-
Total	\$ 13,813,436	\$ 14,402,872	\$ 17,537,153	\$ 30,627,627	\$ 28,399,530	\$ 14,976,078	\$ 13,508,004	\$ 13,654,000
District's covered payroll	\$ 4,891,397	\$ 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	282%	254%	322%	701%	664%	342%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	66.99%	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>2021</u>	<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>
Contractually required contribution	\$1,069,494	\$ 960,436	\$ 947,014	\$ 878,622	\$ 773,210	\$ 773,605	\$ 720,105	\$ 677,141	\$ 663,594	\$ 615,443
Contributions in relation to the contractually required contribution	<u>(1,069,494)</u>	<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>
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	\$5,379,734	\$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
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.89%	18.39%	17.74%	16.90%	15.99%	15.09%	14.17%

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0528616134%	0.0559261409%	0.0566237303%	0.0538169697%	0.0542211095%
District's proportionate share of the net OPEB liability (asset)	\$ 502,304	\$ 628,609	\$ 770,389	\$ 699,405	\$ 702,995
District's covered payroll	\$ 4,891,397	\$ 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	10%	13%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	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>2021</u>	<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>
Contractually required contribution	\$ 54,873	\$ 50,549	\$ 50,494	\$ 47,439	\$ 42,896	\$ 44,486	\$ 43,456	\$ 43,203	\$ 44,866	\$ 44,289
Contributions in relation to the contractually required contribution	<u>(54,873)</u>	<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>
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	\$ 5,379,734	\$ 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
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, 2021

NOTE 1 NET PENSION LIABILITY

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

2020

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2021

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY

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

2020

- 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 2020 plan year.
- 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.
- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real wage growth assumption decreased from 1.10 percent per year to 0.70 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions for the School Division were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions for the School Division were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019

- 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.

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, 2021

	<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>		
ASSETS				
Cash and Cash Equivalents	\$ 131,531	\$ 90,131	\$ 381,150	\$ 602,812
Accounts Receivable	375	1,300	3	1,678
Property Tax Receivable	-	-	19,283	19,283
Due from Other Governments	-	86,882	20,604	107,486
Due from Other Funds	-	1,501	-	1,501
Inventory	-	4,602	-	4,602
TOTAL ASSETS	<u>\$ 131,906</u>	<u>\$ 184,416</u>	<u>\$ 421,040</u>	<u>\$ 737,362</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 2,552	\$ 483	\$ -	\$ 3,035
Accrued Salaries and Benefits	-	12,863	-	12,863
Due to Other Funds	-	-	-	-
TOTAL LIABILITIES	<u>2,552</u>	<u>13,346</u>	<u>-</u>	<u>15,898</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue - Property Tax	-	-	12,485	12,485
FUND BALANCE				
Nonspendable:				
Inventory	-	4,602	-	4,602
Restricted for:				
Debt Service	-	-	408,555	408,555
Committed for:				
Pupil Activity Fund	129,354	-	-	129,354
Food Services	-	166,468	-	166,468
TOTAL FUND BALANCE	<u>129,354</u>	<u>171,070</u>	<u>408,555</u>	<u>708,979</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 131,906</u>	<u>\$ 184,416</u>	<u>\$ 421,040</u>	<u>\$ 737,362</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, 2021

	<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>		
REVENUES				
Federal Sources	\$ -	\$ 520,003	\$ -	\$ 520,003
State Sources	-	3,260	-	3,260
Local Sources	97,117	17,554	366,674	481,345
TOTAL REVENUES	<u>97,117</u>	<u>540,817</u>	<u>366,674</u>	<u>1,004,608</u>
EXPENDITURES				
Instructional Program	82,458	-	-	82,458
Student Supporting Services	1,229	-	-	1,229
Operations and Maintenance of Plant Services	251	-	-	251
Debt Service	-	-	345,320	345,320
Food Services	242	445,125	-	445,367
Community Services	10,599	-	-	10,599
TOTAL EXPENDITURES	<u>94,779</u>	<u>445,125</u>	<u>345,320</u>	<u>885,224</u>
Excess (deficiency) of revenues over expenditures	2,338	95,692	21,354	119,384
OTHER FINANCING SOURCES (USES)				
Transfer From Other Funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>2,338</u>	<u>95,692</u>	<u>21,354</u>	<u>119,384</u>
Fund Balance, Beginning of Year, As Previously Stated	4,225	75,378	387,201	466,804
Change in Accounting Principle	<u>122,791</u>	<u>-</u>	<u>-</u>	<u>122,791</u>
Fund Balance, Beginning of Year	<u>127,016</u>	<u>75,378</u>	<u>387,201</u>	<u>589,595</u>
Fund Balance, End of Year	<u>\$ 129,354</u>	<u>\$ 171,070</u>	<u>\$ 408,555</u>	<u>\$ 708,979</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, 2021

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources				
Pupil Activities	\$ 49,112	\$ 102,612	\$ 97,117	\$ (5,495)
TOTAL REVENUES	<u>49,112</u>	<u>102,612</u>	<u>97,117</u>	<u>(5,495)</u>
EXPENDITURES				
Instructional Program	49,112	102,612	82,458	20,154
Student Supporting Services	-	-	1,229	(1,229)
Operations and Maintenance of Plant Services	-	-	251	(251)
Food Services	-	-	242	(242)
Community Services	-	-	10,599	(10,599)
TOTAL EXPENDITURES	<u>49,112</u>	<u>102,612</u>	<u>94,779</u>	<u>7,833</u>
Excess (deficiency) of revenues over expenditures	-	-	2,338	2,338
OTHER FINANCING SOURCES (USES)				
Transfer From Other Funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>2,338</u>	<u>2,338</u>
Fund Balance, Beginning of Year, As As Previously Stated	-	-	4,225	4,225
Change in Accounting Principle	<u>-</u>	<u>-</u>	<u>122,791</u>	<u>122,791</u>
Fund Balance, Beginning of Year, Restated	<u>-</u>	<u>-</u>	<u>127,016</u>	<u>127,016</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,354</u>	<u>\$ 129,354</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, 2021

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Federal Sources	\$ 413,900	\$ 446,507	\$ 520,003	\$ 73,496
State Sources	3,357	3,260	3,260	-
Local Sources	13,644	13,544	17,554	4,010
TOTAL REVENUES	<u>430,901</u>	<u>463,311</u>	<u>540,817</u>	<u>77,506</u>
EXPENDITURES				
Supporting Services				
Food Services				
Salaries	152,575	152,575	147,133	5,442
Fringe Benefits	89,666	89,666	71,287	18,379
Purchased Services	5,650	4,950	2,017	2,933
Food and Commodities	272,450	272,450	224,688	47,762
Other Operating	-	700	-	700
Reserves	29,560	-	-	-
TOTAL EXPENDITURES	<u>549,901</u>	<u>520,341</u>	<u>445,125</u>	<u>75,216</u>
Excess (deficiency) of revenues over expenditures	(119,000)	(57,030)	95,692	152,722
OTHER FINANCING SOURCES (USES)				
Transfer From Other Funds	-	57,030	-	(57,030)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>57,030</u>	<u>-</u>	<u>(57,030)</u>
Net Change in Fund Balance	(119,000)	-	95,692	95,692
Fund Balance, Beginning of Year	<u>119,000</u>	<u>-</u>	<u>75,378</u>	<u>75,378</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,070</u>	<u>\$ 171,070</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, 2021

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 345,013	\$ 345,013	\$ 366,674	\$ 21,661
Other	-	-	-	-
TOTAL REVENUES	<u>345,013</u>	<u>345,013</u>	<u>366,674</u>	<u>21,661</u>
EXPENDITURES				
Debt Service	345,013	345,013	345,320	(307)
Reserves	309,747	-	-	-
TOTAL EXPENDITURES	<u>654,760</u>	<u>345,013</u>	<u>345,320</u>	<u>(307)</u>
Net Change in Fund Balance	(309,747)	-	21,354	21,354
Fund Balance, Beginning of Year	<u>309,747</u>	<u>309,747</u>	<u>387,201</u>	<u>77,454</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 309,747</u>	<u>\$ 408,555</u>	<u>\$ 98,808</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, 2021

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditure(s)</i>
<i>Child Nutrition Cluster</i>			
U.S. Department of Agriculture			
National School Lunch Program	10.555	Colorado Department of Human Services, 4555	\$ 29,565
National School Lunch Program	10.555	Colorado Department of Education, 4555	12,394
COVID-19 Summer Food Service Program	10.559	Colorado Department of Education, 4559	47,266
Summer Food Service Program	10.559	Colorado Department of Education, 4559	367,595
<i>Total Child Nutrition Cluster</i>			456,820
<i>Forest Service Schools and Roads Cluster</i>			
U.S. Department of Agriculture			
Schools and Roads - Grants to States	10.665	Colorado Department of Treasury and Saguache County Treasurer, 7665	127,078
<i>Total Forest Service Schools and Roads Cluster</i>			127,078
<i>Total U.S. Department of Agriculture</i>			583,898
<i>Highway Planning and Construction Cluster</i>			
U.S. Department of Transportation			
Highway Planning and Construction	20.205	Colorado Department of Transportation, 7205	25,447
<i>Total Highway Planning and Construction Cluster</i>			25,447
<i>Total all Clusters</i>			609,345
<i>Other Programs</i>			
U.S. Department of Agriculture			
Federal Fresh Fruit & Vegetable Program	10.582	Colorado Department of Education, 4582	18,431
<i>Total U.S. Department of Agriculture</i>			18,431
U.S. Department of Education			
Child and Adult Care Food Program	10.558	Colorado Department of Education, 4558	44,752
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education, 4010	366,799
Career and Technical Education --			
Basic Grants to States	84.048	Colorado Community Colleges, 4048	19,121
Safe and Drug-Free Schools and Communities -			
National Programs	84.184	Colorado Department of Education, 8174	137,657
Rural Education	84.358	Colorado Department of Education, 6358	12,170
English Language Acquisition State Grants	84.365	Colorado Department of Education, 4365	17,965

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditure(s)</i>
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Colorado Department of Education, 4367	35,431
Student Support and Academic Enrichment Grants	84.424	Colorado Department of Education, 4424	27,950
Education Stabilization Fund:			
COVID-19 Elementary and Secondary School Emergency Relief Fund I	84.425D	Colorado Department of Education, 4425/5525	331,477
COVID-19 American Rescue Plan - Elementary and Secondary Schools Emergency Relief (ARP ESSER)	84.425U	Colorado Department of Education, 4414	610,477
Total Education Stabilization Fund	84.425		<u>941,954</u>
Special Education - State Personnel Development	84.323	Colorado Department of Education, 5323	72,487
<i>Total U.S. Department of Education</i>			<u>1,676,286</u>
 U.S. Department of Treasury			
COVID-19 Coronavirus Relief Fund	21.019	Colorado Department of Education, 4012/5012	528,025
<i>Total U.S. Department of Treasury</i>			<u>528,025</u>
<i>Total Other Programs</i>			<u>2,222,742</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 2,832,087</u></u>

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

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, 2021. 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, 2021. 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**



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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 03, 2022.

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 2021-001, 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

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

January 03, 2022

**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, 2021. 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, 2021.

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Report on Internal Control Over Compliance

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

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

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

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

January 03, 2022

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

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>
21.019	COVID-19 Coronavirus Relief Fund
84.425	COVID-19 Education Stabilization Fund

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, 2021

Section II – Financial Statement Findings

Finding 2021-001: Internal Control Over Financial Reporting
(Repeat of Finding 2020-001, 2019-001, and 2018-001)

Type of Finding: Internal Control (material weakness)

Condition/Cause: While the District has improved their internal controls to ensure accurate financial reporting, the District did not have a complete system of internal control to prevent and detect all financial misstatements.

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, 2021, 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, 2021

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.

Status: Not implemented. See Finding 2021-001



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 Agencies - U.S. Department of Treasury
U.S. Department of Education
U.S. Department of Agriculture

Center Consolidated School District No. 26JT respectfully submits the following corrective action plan for the year ended June 30, 2021.

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, 2021

The findings from the June 30, 2021 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 2021-001: Internal Control over Financial Reporting (Repeat of Finding 2020-001, 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:

The District will continue to conduct quarterly checks on the financial status and accounting processes including review of revenue, expenditures, accounts payable and fund balances. All balance sheet accounts will be carefully reviewed and assessed. Persons Responsible: Director of Finance and Superintendent of Schools



CENTER CONSOLIDATED SCHOOL DISTRICT 26JT

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If the U.S. Department of Treasury, U.S. Department of Education, and U.S. Department of Agriculture have questions regarding this plan, please call the responsible parties listed below.

Sincerely yours,

A handwritten signature in blue ink that reads "Carrie Zimmerman".

Carrie Zimmerman
Superintendent
Center Consolidated School District No. 26JT

A handwritten signature in black ink that reads "Coleen Salazar".

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 2020-21

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	3,115,617	6,536,828	6,419,051	3,233,394
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	141,175	297,556	324,288	114,442
Sub- Total	3,256,792	6,834,384	6,743,339	3,347,836
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	75,378	540,818	445,127	171,069
22 Govt Designated-Purpose Grants Fund	26,032	3,408,605	3,378,868	55,769
23 Pupil Activity Special Revenue Fund	127,016	97,118	94,779	129,355
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	387,201	366,674	345,320	408,556
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
Totals	3,872,419	11,247,600	11,007,433	4,112,585
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL

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