

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

**FINANCIAL STATEMENTS**

**June 30, 2022**



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

# CENTER CONSOLIDATED SCHOOL DISTRICT 26JT

## TABLE OF CONTENTS

June 30, 2022

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis</b>	4
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Governmental Fund Financial Statements:	
Balance Sheet	14
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Notes to the Basic Financial Statements	18
<b>Required Supplementary Information:</b>	
Schedules of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual:	
General Fund	43
Governmental Designated Purpose Grants Fund	44
Schedule of the District's Proportionate Share of the Net Pension Liability-PERA SCHDTF Pension Plan	45
Schedule of District Contributions - PERA SCHDTF Pension Plan	46
Schedule of the District's Proportionate Share of the Net OPEB Liability- PERA Healthcare Trust Fund	47
Schedule of District Contributions - PERA Healthcare Trust Fund	48
Notes to the Required Supplementary Information	49
<b>Supplementary Information:</b>	
Combining Schedules of Nonmajor Governmental Funds:	
Combining Balance Sheet	52
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	53
Schedules of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual:	
Pupil Activity Fund	54
Food Service Fund	55
Bond Redemption Fund	56
<b>Single Audit Section:</b>	
Schedule of Expenditures of Federal Awards	57
Notes to the Schedule of Expenditures of Federal Awards	59
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 <i>Government Auditing Standards</i>	60
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	62
Schedule of Findings and Questioned Costs	65
Summary Schedule of Prior Year Findings and Questioned Costs	67
Corrective Action Plan	
<b>CDE Compliance Section:</b>	
Colorado School Districts Auditor's Integrity Report	

# INDEPENDENT AUDITORS' REPORT



Wall,  
Smith,  
Bateman Inc.

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

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Center Consolidated School District 26JT (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, 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.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

**Certified Public Accountants**

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considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial schedules, Colorado School District Auditor's Integrity Report, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

*Wall, Smith, Bateman Inc.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

December 20, 2022

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**

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, 2022.

**Financial Highlights**

Total Net Position as of June 30, 2021 was \$12,978,149. Total Net Position as of June 30, 2022 was \$19,684,519, which is an increase of \$6,706,370. 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 2022 came in at \$8,842,317, an increase of \$2,018,316 as compared to Fiscal Year 2021. State Sources brought in total revenues of \$5,935,215, which includes a total of \$5,245,940, in State Equalization (Per Pupil Funding). The reduction of approximately 36% to the budget stabilization factor highly attributed to the increase to State Equalization as compared to FY2021. Local sources of income came in at \$1,944,954 and Federal Sources brought in \$949,410 of which is primarily from US Forest Reserve Funding received from the counties.

Total General Fund expenditures for the Fiscal Year 2022 were \$6,790,027, an increase of \$46,687 as compared to June 30, 2021. Similar to the Fiscal Year 2021, some expenditures were covered by ESSER (Elementary and Secondary School Emergency Relief) Funds, federal money awarded due to COVID reported in the Governmental Designated-Purpose Grants Fund. The District anticipates to use remaining ESSER Funds in FY2023.

**Overview of the Financial Statements**

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

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

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.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**

**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 included in one category:

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

**Fund Financial Statements**

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

The District uses one type of funds:

- **Governmental funds-** All 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.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**

- **Fiduciary funds-** The District was considered the agent, or fiduciary, for assets that belong to others, such as the Pupil Activity Agency Fund. The District was 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 excluded these activities from the district-wide financial statements because it cannot use these assets to finance its operations. However, the fiduciary fund balance of \$122,791, was moved to the Pupil Activities Special Revenue Fund during the Fiscal Year 2021.

**Analysis of District Financial Position**

The Center Consolidated School District ended the 2021-2022 fiscal year with a General Fund – fund balance of \$5,397,507, an increase of \$2,049,673 as compared to the Fiscal Year 2021 ending fund balance of \$3,347,834. The overall fund balance including all funds is \$6,372,843.

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 587.9 students and a PPOR of \$10,408.95. The budget stabilization factor was reduced close to 36% as compared to the budget shortfall due to the COVID 19 Pandemic in FY2021. This resulted in higher State Equalization revenues which were increased by \$573,899 as compared to Fiscal Year 2021. The District continued to receive ESSER II and ESSER III (Elementary and Secondary School Emergency Relief) Funds which helped to offset some salaries and supplies related to COVID. The District anticipates to use these fund by fiscal 2023 year end. 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 various grants. As previously stated, the District received other major grants in Fiscal Year 2022 including additional funds from the EARSS Grant; and new funding from other major State Grants including the School Health Care Professional Grant, the Colorado Student Re-Engagement Grant and the Ninth Grade Success Program Grant.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**

**Condensed Financial Information**

**Condensed Statement of Net Position**  
**June 30, 2022 and 2021**

	<b>Governmental Activities</b>	
	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Current Assets	\$ 9,276,628	\$ 7,761,499
Capital Assets	<u>28,974,078</u>	<u>28,628,822</u>
<b>Total Assets</b>	<b>38,250,706</b>	<b>36,390,321</b>
<b>Deferred Outflow of Resources</b>	<b>2,587,192</b>	<b>3,671,290</b>
<b>Liabilities</b>		
Current Liabilities	<b>3,148,408</b>	3,908,376
Noncurrent Liabilities	<u>13,666,898</u>	<u>17,089,592</u>
<b>Total Liabilities</b>	<b>16,815,306</b>	<b>20,997,968</b>
<b>Deferred Inflow of Resources</b>	<b>4,338,073</b>	<b>6,085,494</b>
<b>Net Position</b>		
Net Investment in Capital Assets	<b>26,340,080</b>	25,701,223
Restricted for Preschool	<b>157,780</b>	114,449
Restricted for Debt Service	<b>427,399</b>	408,555
Restricted for TABOR	<b>310,087</b>	255,000
Unrestricted	<u>(7,550,827)</u>	<u>(13,501,078)</u>
<b>Total Net Position</b>	<b>\$ 19,684,519</b>	<b>\$ 12,978,149</b>

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**

**Condensed Statement of Activities**  
**For the years ended June 30, 2022 and 2021**

	<b>Governmental Activities</b>	
	<b>2022</b>	<b>2021</b>
<b>Revenues</b>		
<b>Program Revenues</b>		
Charges for Services	74,857	35,733
Operating Grants & Contributions	8,700,985	4,761,100
Capital Grants & Contributions	-	36,088
<b>General Revenues</b>		
Property Taxes	1,428,156	1,366,106
Other Taxes	224,369	233,789
State Equalization	5,245,940	4,672,041
Other	145,210	142,739
<b>Total Revenues</b>	<b>15,819,517</b>	<b>11,247,596</b>
<b>Expenses</b>		
Instructional Program	4,970,862	3,392,321
Student and Instructional Services	1,307,911	1,249,382
Administration and Business	793,928	873,968
Operations and Maintenance	808,972	794,598
Transportation	298,960	204,932
Food Services	321,225	358,748
Interest on Long-Term Debt	112,513	151,359
Other	498,776	452,464
<b>Total Expenses</b>	<b>9,113,147</b>	<b>7,477,772</b>
<b>Change in Net Position</b>	<b>6,706,370</b>	<b>3,769,824</b>
<b>Beginning Net Position, as Previously Stated</b>	<b>12,978,149</b>	<b>9,085,534</b>
<b>Change in Accounting Principle</b>	<b>-</b>	<b>122,791</b>
<b>Beginning Net Position, Restated</b>	<b>12,978,149</b>	<b>9,208,325</b>
<b>Ending Net Position</b>	<b>\$ 19,684,519</b>	<b>\$ 12,978,149</b>

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

**General Fund:** The 2021-2022 fiscal year ending fund balance of \$5,397,507 represents an increase of \$2,049,673 from the previous fiscal year's ending fund balance of, \$3,347,834. After factoring in the District's State Equalization and major federal grants share for the Fiscal Year 2022 and all expenditures, the District still maintains a healthy fund balance.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**

**Analysis of Balances and Transactions of Individual Funds (cont'd)**

**General Fund (con't):** Expenditures in the General Fund came in \$4,475,468 under budget. This is highly 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 \$912,678 more than anticipated. Attributing to this increase in revenues, are Forest Reserve Funds which topped out at \$941,266 for FY2022.

**GDPG Fund:** Our GDPG Fund revenues for 2021-2022 were \$6,083,097, an increase of \$2,674,493 from 2020-2021 revenues of \$3,408,604 primarily due to the funds received from the Federal COVID Funds for ESSER I and ESSER III, and various State and Local Grants. The District continues to search and receive various grants that will help to subsidize many programs.

**Food Service:** Total revenue for the fiscal year 2021-2022 was \$702,282. Total operating expenses for the 2020-2022 School Year were \$529,555. Ending Fund Balance in the Food Service Fund at June 30, 2022 was \$343,797, an increase of \$172,727 from the beginning fund balance of \$171,070 at June 30, 2021. This is a significantly high fund balance which resulted from various COVID grants since the pandemic's inception in 2020. The District will work with the Colorado Department of Education and come up with a plan to bring this fund balance down.

**Special Revenue Student Activity Fund:** Total expenditures from the Special Revenue Student Activity Fund for 2021-2022 were \$136,424, an increase of \$39,307 from the fiscal year 2020-2021. The Special Revenue Pupil Activity Fund continues to see expenditures increase primarily due to referee payments and other athletic costs and a return to normal activity as pandemic restrictions were lifted.

**Bond Redemption Fund:** Total revenues for the Bond Redemption Fund were \$363,519; and, total expenditures were \$344,675 at June 30, 2022. The Bond Redemption Fund had an ending fund balance of \$427,399 at June 30, 2022. 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.

**Description of Capital Assets and Long-Term Liabilities**

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, 2022 is \$2,767,422. Of this amount, \$2,588,482 is in the form of General Obligation Bonds for construction of a new school; Financed Purchase Agreements (New Bus and Microbus) balance is \$45,516. In addition, there were compensated absences payables of \$133,424.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**

**Condensed Schedule of Capital Assets**  
**(Net of Accumulated Depreciation)**  
**June 30, 2022 and 2021**

	<b>Governmental Activities</b>	
	<b>2022</b>	<b>2021</b>
Land	\$ 69,214	\$ 69,214
Construction in Progress	-	-
Land Improvements	1,196,239	1,320,166
Infrastructure	62,603	67,869
Equipment	1,020,298	636,776
Buildings	26,625,724	26,534,797
<b>Total Expenses</b>	<b>\$ 28,974,078</b>	<b>\$ 28,628,822</b>

**Currently Known Facts that are expected to have a Future Material Effect**

High stakes testing, increasing expectations for student achievement, and required implementation of unfunded reform mandates by both the State of Colorado and the Federal Government will continue to effect where we prioritize our future expenditures. Center School District received a performance rating of Improvement. We will continue to address student needs as identified in our results through the budgeting process.

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

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

The District anticipates an increase in per pupil funding during the 2022-2023 fiscal year, as well as more funding to serve English Language Learners.

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

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

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**

**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, 2022**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 7,270,255
Accounts Receivable	28,697
Due from Other Governments	1,867,260
Property Tax Receivable	105,814
Inventory	4,602
Capital Assets	
Nondepreciable Assets	69,214
Depreciable Assets (Net)	28,904,864
<b>TOTAL ASSETS</b>	<b>38,250,706</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	2,458,304
OPEB	128,888
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,587,192</b>
<b>LIABILITIES</b>	
Accounts Payable	-
Accrued Salaries and Benefits	819,257
Accrued Interest Payable	12,436
Unearned Grant Revenue	2,026,293
Long-term Liabilities	
Due Within One Year	290,422
Due in More than One Year	2,477,000
Net Pension Liability	10,673,510
Net OPEB Liability	516,388
<b>TOTAL LIABILITIES</b>	<b>16,815,306</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	4,064,477
OPEB	215,361
Deferred Revenue - Property Tax	58,235
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>4,338,073</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	26,340,080
Restricted for:	
TABOR	310,087
Preschool	157,780
Debt Service	427,399
Unrestricted	(7,550,827)
<b>TOTAL NET POSITION</b>	<b>\$ 19,684,519</b>

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

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2022**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense)</b>
		<b>Charges for Services</b>	<b>Operating Grants &amp; Contributions</b>	<b>Capital Grants &amp; Contributions</b>	<b>Revenue and Changes in Net Position</b>
					<b>Primary Government</b>
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Instructional Program	\$ 4,970,862	\$ 19,390	\$ 2,532,039	\$ -	\$ (2,419,433)
Student Supporting Services	437,888	28,339	5,147,384	-	4,737,835
Instructional Staff Supporting Services	870,023	-	215,365	-	(654,658)
General Administration Supporting Services	430,787	-	4,098	-	(426,689)
School Administration Supporting Services	286,901	-	11,199	-	(275,702)
Business Supporting Services	76,240	-	2,512	-	(73,728)
Operations & Maintenance of Plant Services	808,972	-	15,679	-	(793,293)
Student Transportation Services	298,960	-	79,213	-	(219,747)
Central Supporting Services	402,264	-	2,176	-	(400,088)
Non Instructional Parent Services	74,651	-	1,328	-	(73,323)
Community Services	21,861	-	15,107	-	(6,754)
Food Services	321,225	27,128	674,885	-	380,788
Interest on Long-term Debt	112,513	-	-	-	(112,513)
<b>Total Governmental Activities</b>	<u>9,113,147</u>	<u>74,857</u>	<u>8,700,985</u>	<u>-</u>	<u>(337,305)</u>
<b>Total Primary Government</b>	<u>\$ 9,113,147</u>	<u>\$ 74,857</u>	<u>\$ 8,700,985</u>	<u>\$ -</u>	<u>(337,305)</u>
<b>General Revenues:</b>					
Taxes:					
					1,428,156
					224,015
					354
					5,245,940
					145,210
					<u>7,043,675</u>
					6,706,370
					<u>12,978,149</u>
					<u>\$ 19,684,519</u>

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

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**June 30, 2022**

	<b>GENERAL FUND</b>	<b>GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND</b>	<b>TOTAL NONMAJOR FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,104,623	\$ 1,358,316	\$ 807,316	\$ 7,270,255
Accounts Receivable	19,654	-	9,043	28,697
Property Tax Receivable	79,031	-	26,783	105,814
Due from Other Funds	363,614	-	1,521	365,135
Due from Other Governments	517,789	1,253,843	95,628	1,867,260
Inventory	-	-	4,602	4,602
<b>TOTAL ASSETS</b>	<b>\$ 6,084,711</b>	<b>\$ 2,612,159</b>	<b>\$ 944,893</b>	<b>\$ 9,641,763</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	635,496	174,153	9,608	819,257
Due to Other Funds	1,171	363,964	-	365,135
Unearned Grant Revenue	7,043	2,018,271	979	2,026,293
<b>TOTAL LIABILITIES</b>	<b>643,710</b>	<b>2,556,388</b>	<b>10,587</b>	<b>3,210,685</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Revenue - Property Tax	43,494	-	14,741	58,235
<b>FUND BALANCE</b>				
Nonspendable	-	-	4,602	4,602
Restricted	467,867	-	427,399	895,266
Committed	708,801	55,771	487,564	1,252,136
Assigned	59,738	-	-	59,738
Unassigned	4,161,101	-	-	4,161,101
<b>TOTAL FUND BALANCE</b>	<b>5,397,507</b>	<b>55,771</b>	<b>919,565</b>	<b>6,372,843</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND EQUITY</b>	<b>\$ 6,084,711</b>	<b>\$ 2,612,159</b>	<b>\$ 944,893</b>	<b>\$ 9,641,763</b>

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

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2022**

<b>Total governmental fund balances</b>		<b>\$ 6,372,843</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		28,974,078
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.		2,587,192
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Refunding Bonds	\$ (2,588,482)	
Accrued Interest Payable	(12,436)	
Financed Purchase Agreement	(45,516)	
Compensated Absences	<u>(133,424)</u>	
		(2,779,858)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.		(11,189,898)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.		<u>(4,279,838)</u>
<b>Net position of governmental activities</b>		<b><u><u>\$ 19,684,519</u></u></b>

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

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2022**

	<b>GENERAL FUND</b>	<b>GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND</b>	<b>TOTAL NONMAJOR FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>				
Local Sources	\$ 1,944,954	\$ 107,304	\$ 531,071	\$ 2,583,329
Intermediate Sources	12,738	2,975	-	15,713
State Sources	5,935,215	2,526,488	3,246	8,464,949
Federal Sources	949,410	3,446,330	667,908	5,063,648
<b>TOTAL REVENUES</b>	<b>8,842,317</b>	<b>6,083,097</b>	<b>1,202,225</b>	<b>16,127,639</b>
<b>EXPENDITURES</b>				
Instructional Program	3,828,910	2,480,735	109,823	6,419,468
Student Supporting Services	81,394	746,084	-	827,478
Instructional Staff Supporting Services	410,633	1,046,058	-	1,456,691
General Administration Supporting Services	525,787	203,119	-	728,906
School Administration Supporting Services	485,190	40,270	-	525,460
Business Administration Supporting Services	146,878	2,447	-	149,325
Operations and Maintenance of Plant Services	806,459	354,940	-	1,161,399
Student Transportation Services	179,460	245,791	-	425,251
Central Supporting Services	223,929	241,654	-	465,583
Non Instructional Parent Services	-	113,294	-	113,294
Community Services	3,671	7,987	10,203	21,861
Food Services	-	-	529,555	529,555
Facilities Acquisition and Construction	36,277	600,716	-	636,993
Debt Service	61,439	-	344,675	406,114
<b>TOTAL EXPENDITURES</b>	<b>6,790,027</b>	<b>6,083,095</b>	<b>994,256</b>	<b>13,867,378</b>
Excess (deficiency) of revenues over expenditures	2,052,290	2	207,969	2,260,261
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from(to) Other Funds	(2,617)	-	2,617	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,617)</b>	<b>-</b>	<b>2,617</b>	<b>-</b>
Net Change in Fund Balance	2,049,673	2	210,586	2,260,261
<b>FUND BALANCE, Beginning of Year</b>	<b>3,347,834</b>	<b>55,769</b>	<b>708,979</b>	<b>4,112,582</b>
<b>FUND BALANCE, End of Year</b>	<b>\$ 5,397,507</b>	<b>\$ 55,771</b>	<b>\$ 919,565</b>	<b>\$ 6,372,843</b>

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

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2022**

**Net change in fund balances - total governmental funds** \$ 2,260,261

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	\$ 1,075,970	
Capital asset deletions	-	
Depreciation expense	<u>(730,714)</u>	345,256

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

Principal payment on general obligation bonds	234,206	
Principal payment on financed purchase agreement	<u>59,395</u>	293,601

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		6,430
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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.

3,800,822

**Change in net position of governmental funds** \$ 6,706,370

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**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, 2022**

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, 2022**

**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 and a useful life exceeding one year. 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, 2022**

***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 FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***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.

***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.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

***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.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

Fund balance categories at June 30, 2022 were made up of the following:

	<b>Governmental</b>			<b>Total</b>
	<b>General</b>	<b>Designated</b>	<b>Nonmajor</b>	
	<b>Fund</b>	<b>Purpose Grants</b>	<b>Funds</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
<b>Nonspendable</b>				
Inventory	\$ -	\$ -	\$ 4,602	\$ 4,602
<b>Restricted</b>				
TABOR 3% Reserve	310,087	-	-	310,087
Preschool	157,780	-	-	157,780
Debt Service	-	-	427,399	427,399
	<u>467,867</u>	<u>-</u>	<u>427,399</u>	<u>895,266</u>
<b>Committed</b>				
Grants	-	55,771	-	55,771
Pupil Activities	-	-	148,369	148,369
Food Services	-	-	339,195	339,195
Multi-Year Obligation	708,801	-	-	708,801
	<u>708,801</u>	<u>55,771</u>	<u>487,564</u>	<u>1,252,136</u>
<b>Assigned</b>				
Designated for Subsequent Years	59,738	-	-	59,738
<b>Unassigned</b>				
	<u>4,161,101</u>	<u>-</u>	<u>-</u>	<u>4,161,101</u>
<b>Total Fund Balance</b>	<u><u>\$ 5,397,507</u></u>	<u><u>\$ 55,771</u></u>	<u><u>\$ 919,565</u></u>	<u><u>\$ 6,372,843</u></u>

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

***Encumbrances***

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

***Use of Estimates***

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

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

***Change in Accounting Principle***

During fiscal year 2022, the District adopted the provisions of GASB Statement No. 87, *Leases*, that establishes a single model for lease accounting based on the foundational principal that leases are financings of the right to use an underlying asset. The standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This standard does not have a material effect on the financial statements of the District.

**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 2022.

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

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

At June 30, 2022, the District's cash, deposits, and investments were reported in the financial statements as follows:

Cash in Bank	\$	6,868,681
Cash on Hand		140
Investments		401,434
		401,434
Total Cash and Deposits	\$	7,270,255

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.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

***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, \$7,304,203, of the District's bank balance of \$7,554,203 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

***Investments***

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

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

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

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

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 4 ACCOUNTS RECEIVABLE**

Governmental activities accounts receivable at June 30, 2022, consisted of the following:

General Fund	\$	19,654
Nonmajor Funds		9,043
		9,043
	\$	28,697

**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, 2022, the District had \$1,867,260 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, 2022, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Governmental Des. Purpose Grants Fund	\$ 363,614
Pupil Activity Fund	Governmental Des. Purpose Grants Fund	350
Food Service Fund	General Fund	1,171
		\$ 365,135

***Interfund Transfers***

Interfund transfers for the year ended June 30, 2022, were as follows:

Transfer In	Transfer Out	Amount
General Fund	Activity Fund	\$ 2,617
		\$ 2,617

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 7 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance 06/30/2021	Additions	Deletions	Balance 06/30/2022
<b>Governmental Activities</b>				
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	544,011	-	31,259,133
Equipment	3,114,039	531,959	-	3,645,998
Infrastructure	126,027	-	-	126,027
Total capital assets being depreciated	<u>36,430,985</u>	<u>1,075,970</u>	<u>-</u>	<u>37,506,955</u>
Less accumulated depreciation for:				
Land Improvements	1,155,631	123,927	-	1,279,558
Buildings	4,180,325	453,084	-	4,633,409
Equipment	2,477,263	148,437	-	2,625,700
Infrastructure	58,158	5,266	-	63,424
Total capital assets being depreciated	<u>7,871,377</u>	<u>730,714</u>	<u>-</u>	<u>8,602,091</u>
Total Capital Assets being depreciated, net	<u>28,559,608</u>	<u>345,256</u>	<u>-</u>	<u>28,904,864</u>
<b>Governmental Activities, net</b>	<u>\$ 28,628,822</u>	<u>\$ 345,256</u>	<u>\$ -</u>	<u>\$ 28,974,078</u>

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

Governmental activities:	
Instructional Program	\$ 586,991
General Administration Supporting Services	17,482
Operations & Maintenance of Plant Services	8,217
Student Transportation Services	106,047
Food Services	<u>11,977</u>
Total depreciation expense - governmental activities	<u>\$ 730,714</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, 2022**

and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$819,257.

**NOTE 9 LONG-TERM LIABILITIES**

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

Long-term liability balances for the year ended June 30, 2022, were as follows:

	Balance 06/30/2021	Additions	Deletions	Balance 06/30/2022	Due Within One Year
<b>Governmental Activities</b>					
G.O. Bonds Payable	\$ 2,822,688	\$ -	\$ 234,206	\$ 2,588,482	\$ 243,767
Financed Purchase Agreement	104,911	-	59,395	45,516	45,516
Compensated Absences	139,854	-	6,430	133,424	1,139
<b>Total</b>	<b>\$ 3,067,453</b>	<b>\$ -</b>	<b>\$ 300,031</b>	<b>\$ 2,767,422</b>	<b>\$ 290,422</b>

***General Obligation Bonds***

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

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

	Principal	Interest	Totals
FY 2023	\$ 243,767	\$ 100,684	\$ 344,451
FY 2024	253,717	90,530	344,247
FY 2025	264,074	79,962	344,036
FY 2026	274,854	68,963	343,817
FY 2027	286,073	57,514	343,587
FY 2028-2030	1,265,997	105,934	1,371,931
	<b>\$ 2,588,482</b>	<b>\$ 503,587</b>	<b>\$ 3,092,069</b>

***Financed Purchase Agreements***

The District entered into a financed purchase agreement dated March 31, 2020, to purchase two buses. The agreement 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, 2022 was \$45,516.

The annual debt service for the Financed Purchase Agreement is as follows:

	Principal	Interest	Totals
FY 2023	\$ 45,516	\$ 563	\$ 46,079
	<b>\$ 45,516</b>	<b>\$ 563</b>	<b>\$ 46,079</b>

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 10 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 annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided as of December 31, 2021.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

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, 2022.* Eligible employees of the District 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 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
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).

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 \$1,161,778, for the year ended June 30, 2022.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. §24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public School Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

**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, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the TPL to December 31, 2021. The District's proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

At June 30, 2022, the District reported a liability of \$10,673,510 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	\$ 10,673,510
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Center Consolidated School District	1,223,582
Total	\$ 11,897,092

At December 31, 2021, the District's proportion was 0.0917 percent, which was an increase of .0003 percent from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of (\$3,751,795) and revenue of \$130,633 for support from the State as a nonemployer contributing entity. At June 30, 2022, 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	\$ 408,625	\$ -
Changes of assumptions or other inputs	814,843	-
Net difference between projected and actual earnings on pension plan investments	-	4,012,921
Changes in proportionate share	615,302	51,556
Contributions subsequent to the measurement date	619,534	-
Total	\$ 2,458,304	\$ 4,064,477

\$619,534 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, 2023. 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,	
2023	\$ 94,479
2024	(880,623)
2025	(952,480)
2026	(487,083)
2027	-
Thereafter	-

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

*Actuarial assumptions.* The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40 – 11.00%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA Benefit Structure hired after 12/31/06 <sup>1</sup>	Financed by the AIR

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

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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

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

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

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021 and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include the current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point,

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- 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% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 15,710,533	\$ 10,673,510	\$ 6,470,301

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

**NOTE 11 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,

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

Article 51, Part 12 of the Colorado Revised Statutes (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 annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

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

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

***PERA Benefit Structure***

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$59,608 for the year ended June 30, 2022.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

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

At June 30, 2022, the District reported a liability of \$516,388 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District proportion was 0.060%, which was an increase of 0.007% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022 the District recognized OPEB expense of (\$49,027). At June 30, 2022, 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	\$ 787	\$ 122,442
Net difference between projected and actual earnings on OPEB plan investments	-	31,965
Changes of assumptions or other inputs	10,691	28,011
Changes in proportion and differences between contributions recognized and proportionate share of contributions	85,623	32,943
Contributions subsequent to the measurement date	31,787	-
Total	\$ 128,888	\$ 215,361

\$31,787 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, 2023. 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,	
2023	\$ (34,730)
2024	(38,219)
2025	(41,010)
2026	(15,282)
2027	9,087
Thereafter	1,894

*Actuarial assumptions.* The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40%-11.00%

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

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	4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% in 2021, gradually increasing to 4.50% in 2029

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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/ premiums (actual dollars) are assumed for 2021, 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	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (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, 2020, 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 TOL are summarized in the table below:

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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% 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% of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

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

The following health care costs assumptions were updated and used in the roll forward calculation for the Trust Fund.

- 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 2021 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.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020 meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared 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.

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.

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	6.00%	4.70%
Total	<u>100.00%</u>	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare Part A trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 501,559	\$ 516,388	\$ 533,567

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, 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 year, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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 be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 599,731	\$ 516,388	\$ 445,199

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

**NOTE 12 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

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available annual comprehensive financial report for the Plan. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. For the year ended June 30, 2022, program members contributed \$26,325, for the Voluntary Investment Program. The District does not make matching contributions to this plan.

**NOTE 13 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, 2022. Complete separate financial statements may be obtained from BOCES.

**Colorado School Districts' Self-Insurance Pool**

The District belongs to the Colorado School Districts' Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of general liability, errors and omissions, automobile liability, auto physical damage, auto personal injury protection, real and personal property, crime, and other coverage. The Board of Directors is composed of eight persons, several of who are appointed by the Board of Directors of CASB and the Executive Director of CASB. The pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the aggregate Pool claims, the cost of administrative and other operating expenses, the number of participants, the adequacy of both operating and reserve funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as expenditures in the General Fund. The District's share in the Pool is not determinable from current information,

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

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, 2022. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

**NOTE 14 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 15 COMMITMENTS AND CONTINGENCIES**

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

**NOTE 16 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, 2022**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Local Sources	\$ 1,466,432	\$ 1,502,458	\$ 1,944,954	\$ 442,496
Intermediate Sources	25,118	15,118	12,738	(2,380)
State Sources	5,714,788	5,881,030	5,935,215	54,185
Federal Sources	20,000	531,033	949,410	418,377
<b>TOTAL REVENUES</b>	<b>7,226,338</b>	<b>7,929,639</b>	<b>8,842,317</b>	<b>912,678</b>
<b>EXPENDITURES</b>				
Instructional Program	4,066,802	4,337,908	3,828,910	508,998
Student Supporting Services	262,012	266,336	81,394	184,942
Instructional Staff Supporting Services	524,644	530,277	410,633	119,644
General Administration Supporting Services	440,464	437,751	525,787	(88,036)
School Administration Supporting Services	484,764	535,342	485,190	50,152
Business Supporting Services	170,039	171,490	146,878	24,612
Operations and Maintenance of Plant Services	859,779	895,075	806,459	88,616
Student Transportation Services	320,198	323,348	179,460	143,888
Central Supporting Services	268,963	282,463	223,929	58,534
Community Services	47,705	47,705	3,671	44,034
Facilities Acquisition and Construction	-	-	36,277	(36,277)
Debt Service	61,439	61,439	61,439	-
Reserves	2,637,463	3,376,361	-	3,376,361
<b>TOTAL EXPENDITURES</b>	<b>10,144,272</b>	<b>11,265,495</b>	<b>6,790,027</b>	<b>4,475,468</b>
Excess (deficiency) of revenues over expenditures	(2,917,934)	(3,335,856)	2,052,290	5,388,146
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	5,000	-	(5,000)
Transfer (To) From Other Funds	(74,030)	(16,980)	(2,617)	14,363
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(74,030)</b>	<b>(11,980)</b>	<b>(2,617)</b>	<b>9,363</b>
Net Change in Fund Balance	(2,991,964)	(3,347,836)	2,049,673	5,397,509
<b>Fund Balance, Beginning of Year</b>	<b>2,991,964</b>	<b>3,347,836</b>	<b>3,347,834</b>	<b>(2)</b>
<b>Fund Balance, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,397,507</b>	<b>\$ 5,397,507</b>

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND**  
**For the Year Ended June 30, 2022**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Local Sources	\$ -	\$ 334,179	\$ 107,304	\$ (226,875)
Intermediate Sources	-	20,662	2,975	(17,687)
State Sources	236,158	3,850,909	2,526,488	(1,324,421)
Federal Sources	1,664,726	3,260,533	3,446,330	185,797
<b>TOTAL REVENUES</b>	<b>1,900,884</b>	<b>7,466,283</b>	<b>6,083,097</b>	<b>(1,383,186)</b>
<b>EXPENDITURES</b>				
Instructional Program	796,435	2,843,757	2,480,735	363,022
Student Supporting Services	118,649	1,537,466	746,084	791,382
Instructional Staff Supporting Services	371,300	1,347,289	1,046,058	301,231
General Administration Supporting Services	-	193,961	203,119	(9,158)
School Administration Supporting Services	6,032	28,585	40,270	(11,685)
Business Administration Supporting Services	2,468	-	2,447	(2,447)
Operations and Maintenance of Plant Services	262,046	282,589	354,940	(72,351)
Student Transportation Services	40,707	309,761	245,791	63,970
Central Supporting Services	-	-	241,654	(241,654)
Non Instructional Parent Services	-	400	113,294	(112,894)
Community Services	3,247	343,778	7,987	335,791
Facilities Acquisition and Construction	300,000	578,697	600,716	(22,019)
Reserves	-	55,769	-	55,769
<b>TOTAL EXPENDITURES</b>	<b>1,900,884</b>	<b>7,522,052</b>	<b>6,083,095</b>	<b>1,438,957</b>
Net Change in Fund Balance	-	(55,769)	2	55,771
<b>Fund Balance, Beginning of Year</b>	<b>-</b>	<b>55,769</b>	<b>55,769</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 55,771</b>	<b>\$ 55,771</b>

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0917175718%	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)	\$ 10,673,510	\$ 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	1,223,582	-	1,621,193	2,109,515	-	-	-	-	-
<b>Total</b>	<b>\$ 11,897,092</b>	<b>\$ 13,813,436</b>	<b>\$ 14,402,872</b>	<b>\$ 17,537,153</b>	<b>\$ 30,627,627</b>	<b>\$ 28,399,530</b>	<b>\$ 14,976,078</b>	<b>\$ 13,508,004</b>	<b>\$ 13,654,000</b>
District's covered payroll	\$ 5,732,057	\$ 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	186%	282%	254%	322%	701%	664%	342%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	74.86%	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,**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$1,161,778	\$1,069,494	\$ 960,436	\$ 947,014	\$ 878,622	\$ 773,210	\$ 773,605	\$ 720,105	\$ 677,141	\$ 663,594
Contributions in relation to the contractually required contribution	(1,161,778)	(1,069,494)	(960,436)	(947,014)	(878,622)	(773,210)	(773,605)	(720,105)	(677,141)	(663,594)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$5,843,939	\$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
Contributions as a percentage of covered payroll	19.88%	19.88%	19.38%	19.13%	18.89%	18.39%	17.74%	16.90%	15.99%	15.09%

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0598846158%	0.0528616134%	0.0559261409%	0.0566237303%	0.0538169697%	0.0542211095%
District's proportionate share of the net OPEB liability (asset)	\$ 516,388	\$ 502,304	\$ 628,609	\$ 770,389	\$ 699,405	\$ 702,995
District's covered payroll	\$ 5,732,057	\$ 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	9%	10%	13%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	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.

See Notes to the Required Supplementary Information.

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

	<u>2022</u>	<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>
Contractually required contribution	\$ 59,608	\$ 54,873	\$ 50,549	\$ 50,494	\$ 47,439	\$ 42,896	\$ 44,486	\$ 43,456	\$ 43,203	\$ 44,866
Contributions in relation to the contractually required contribution	<u>(59,608)</u>	<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>
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	\$ 5,843,939	\$ 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
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, 2022**

**NOTE 1 NET PENSION LIABILITY**

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

*2021*

- Required contribution increased from 10.00% to 10.50% for eligible employees.
- AI cap decreased from 1.25% to 1.00%

*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

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS**  
**For the Year Ended June 30, 2022**

Mortality Table projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.

- The discount rate was lowered from 7.50% to 5.26%.

2015 There were no changes in assumptions or other inputs this measurement period compared to the prior year.

**NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY**

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

2021

- The Medicare Part A premium increased from \$458 to \$471 per month.
- The health care cost trend rates from 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.

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.

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS**  
**For the Year Ended June 30, 2022**

*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, 2022

	<b>SPECIAL REVENUE FUNDS</b>			<b>TOTAL NONMAJOR FUNDS</b>
	<b>PUPIL ACTIVITY FUND</b>	<b>FOOD SERVICE FUND</b>	<b>BOND REDEMPTION FUND</b>	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 143,620	\$ 262,262	\$ 401,434	\$ 807,316
Accounts Receivable	4,398	4,424	221	9,043
Property Tax Receivable	-	-	26,783	26,783
Due from Other Governments	-	80,947	14,681	95,628
Due from Other Funds	351	1,170	-	1,521
Inventory	-	4,602	-	4,602
<b>TOTAL ASSETS</b>	<b>\$ 148,369</b>	<b>\$ 353,405</b>	<b>\$ 443,119</b>	<b>\$ 944,893</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	-	9,608	-	9,608
Due to Other Funds	-	-	-	-
Unearned Grant Revenue	-	-	979	979
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>9,608</b>	<b>979</b>	<b>10,587</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Revenue - Property Tax	-	-	14,741	14,741
<b>FUND BALANCE</b>				
Nonspendable	-	4,602	-	4,602
Restricted	-	-	427,399	427,399
Committed	148,369	339,195	-	487,564
<b>TOTAL FUND BALANCE</b>	<b>148,369</b>	<b>343,797</b>	<b>427,399</b>	<b>919,565</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 148,369</b>	<b>\$ 353,405</b>	<b>\$ 443,119</b>	<b>\$ 944,893</b>

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2022**

	<b>SPECIAL REVENUE FUNDS</b>			<b>TOTAL NONMAJOR FUNDS</b>
	<b>PUPIL ACTIVITY FUND</b>	<b>FOOD SERVICE FUND</b>	<b>BOND REDEMPTION FUND</b>	
<b>REVENUES</b>				
Local Sources	\$ 136,424	\$ 31,128	\$ 363,519	\$ 531,071
State Sources	-	3,246	-	3,246
Federal Sources	-	667,908	-	667,908
<b>TOTAL REVENUES</b>	<b>136,424</b>	<b>702,282</b>	<b>363,519</b>	<b>1,202,225</b>
<b>EXPENDITURES</b>				
Instructional Program	109,823	-	-	109,823
Debt Service	-	-	344,675	344,675
Food Services	-	529,555	-	529,555
Community Services	10,203	-	-	10,203
<b>TOTAL EXPENDITURES</b>	<b>120,026</b>	<b>529,555</b>	<b>344,675</b>	<b>994,256</b>
Excess (deficiency) of revenues over expenditures	16,398	172,727	18,844	207,969
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer From Other Funds	2,617	-	-	2,617
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,617</b>	<b>-</b>	<b>-</b>	<b>2,617</b>
Net Change in Fund Balance	19,015	172,727	18,844	210,586
<b>Fund Balance, Beginning of Year</b>	<b>129,354</b>	<b>171,070</b>	<b>408,555</b>	<b>708,979</b>
<b>Fund Balance, End of Year</b>	<b>\$ 148,369</b>	<b>\$ 343,797</b>	<b>\$ 427,399</b>	<b>\$ 919,565</b>

**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, 2022**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Local Sources				
Pupil Activities	\$ 122,999	\$ 123,179	\$ 136,424	\$ 13,245
<b>TOTAL REVENUES</b>	<u>122,999</u>	<u>123,179</u>	<u>136,424</u>	<u>13,245</u>
<b>EXPENDITURES</b>				
Instructional Program	125,779	126,459	109,823	16,636
Student Supporting Services	1,229	1,229	-	1,229
School Supporting Services	1,500	1,000	-	1,000
Operations and Maintenance of Plant Services	-	-	-	-
Food Services	-	-	-	-
Community Services	11,491	11,491	10,203	1,288
Reserves	95,684	129,355	-	129,355
<b>TOTAL EXPENDITURES</b>	<u>235,683</u>	<u>269,534</u>	<u>120,026</u>	<u>20,153</u>
Excess (deficiency) of revenues over expenditures	(112,684)	(146,355)	16,398	162,753
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer From Other Funds	17,000	17,000	2,617	(14,383)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>17,000</u>	<u>17,000</u>	<u>2,617</u>	<u>(14,383)</u>
Net Change in Fund Balance	(95,684)	(129,355)	19,015	148,370
<b>Fund Balance, Beginning of Year</b>	<u>95,684</u>	<u>129,355</u>	<u>129,354</u>	<u>(1)</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,369</u>	<u>\$ 148,369</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, 2022**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Local Sources	\$ 14,975	\$ 14,675	\$ 31,128	\$ 16,453
State Sources	3,260	3,260	3,246	(14)
Federal Sources	446,507	656,324	667,908	11,584
<b>TOTAL REVENUES</b>	<u>464,742</u>	<u>674,259</u>	<u>702,282</u>	<u>11,584</u>
<b>EXPENDITURES</b>				
Supporting Services				
Food Services				
Salaries	157,110	178,633	170,481	8,152
Fringe Benefits	97,722	101,975	82,960	19,015
Purchased Services	3,450	2,750	2,810	(60)
Food and Commodities	263,490	338,450	272,075	66,375
Other Operating	-	700	1,229	(529)
Reserves	-	222,820	-	222,820
<b>TOTAL EXPENDITURES</b>	<u>521,772</u>	<u>845,328</u>	<u>529,555</u>	<u>315,773</u>
Excess (deficiency) of revenues over expenditures	(57,030)	(171,069)	172,727	343,796
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer From Other Funds	57,030	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>57,030</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	(171,069)	172,727	343,796
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>171,069</u>	<u>171,070</u>	<u>1</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,797</u>	<u>\$ 343,797</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, 2022**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Local Sources	\$ 344,645	\$ 344,676	\$ 363,519	\$ 18,843
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<u>344,645</u>	<u>344,676</u>	<u>363,519</u>	<u>18,843</u>
<b>EXPENDITURES</b>				
Debt Service	344,645	344,676	344,675	1
Reserves	309,747	408,556	-	408,556
<b>TOTAL EXPENDITURES</b>	<u>654,392</u>	<u>753,232</u>	<u>344,675</u>	<u>408,557</u>
Net Change in Fund Balance	(309,747)	(408,556)	18,844	427,400
<b>Fund Balance, Beginning of Year</b>	<u>309,747</u>	<u>408,556</u>	<u>408,555</u>	<u>(1)</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427,399</u>	<u>\$ 427,399</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, 2022**

<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>
<b><i>Child Nutrition Cluster</i></b>			
U.S. Department of Agriculture			
School Breakfast Program	10.553	Colorado Department of Education, 4553	\$ 151,668
National School Lunch Program	10.555	Colorado Department of Human Services, 4555	30,424
National School Lunch Program	10.555	Colorado Department of Education, 5555/6555	346,525
Summer Food Service Program for Children	10.559	Colorado Department of Education, 4559	39,778
Fresh Fruit and Vegetable Program	10.582	Colorado Department of Education, 4582	24,809
<b><i>Total Child Nutrition Cluster</i></b>			<b>593,204</b>
<b><i>Forest Service Schools and Roads Cluster</i></b>			
U.S. Department of Agriculture			
Schools and Roads - Grants to States	10.665	Colorado Department of Treasury and Saguache County Treasurer, 7665	941,266
<b><i>Total Forest Service Schools and Roads Cluster</i></b>			<b>941,266</b>
<b><i>Highway Planning and Construction Cluster</i></b>			
U.S. Department of Transportation			
Highway Planning and Construction	20.205	Colorado Department of Transportation, 7205	37,539
<b><i>Total Highway Planning and Construction Cluster</i></b>			<b>37,539</b>
<b><i>Total all Clusters</i></b>			<b>1,572,009</b>
<b><i>Other Programs</i></b>			
U.S. Department of Agriculture			
Child and Adult Care Food Program	10.558	Colorado Department of Education, 4558	73,552
Pandemic EBT Administrative Cost	10.649	Colorado Department of Education, 4649	1,152
U.S. Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education, 4010	355,399
Career and Technical Education -- Basic Grants to States	84.048	Colorado Community Colleges, 4048	2,144
School Safety National Program	84.184	Colorado Department of Education, 8174	123,303
Rural Education	84.358	Colorado Department of Education, 6358	11,220
English Language Acquisition State Grants	84.365	Colorado Department of Education, 4365	20,165

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2022**

<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	40,238
Student Support and Academic Enrichment Program	84.424	Colorado Department of Education, 4424	26,910
COVID-19 Education Stabilization Fund	84.425D	Colorado Department of Education, 4420/5525	1,200,151
COVID-19 Education Stabilization Fund	84.425U	Colorado Department of Education, 4414/9414	1,602,735
Special Education - State Personnel Development	84.323	Colorado Department of Education, 5323	<u>28,670</u>
U.S. Institute of Museum and Library Services			
Grants to States	45.310	Colorado Department of Education, 7310	<u>6,000</u>
<b><i>Total Other Programs</i></b>			<u>3,491,639</u>
<b><i>Total Expenditures of Federal Awards</i></b>			<u><u>\$ 5,063,648</u></u>

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2022**

**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, 2022. 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, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Center Consolidated School District 26JT, it is not intended to and does not present the financial position or changes in net position of Center Consolidated School District 26JT.

**NOTE 3: FOOD DISTRIBUTION**

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**



Wall,  
Smith,  
Bateman Inc.

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Center Consolidated School District 26JT (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2022.

### **Report on 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) as a basis for designing 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as Finding 2022-001, which we consider to be a significant deficiency.

### **Report on 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 financial statements. 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*.

**Certified Public Accountants**

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

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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

December 20, 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**

***Opinion on Each Major Federal Program***

We have audited Center Consolidated School District 26JT's (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District 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, 2022.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

**Certified Public Accountants**

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

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

December 20, 2022

**CENTER CONSOLIDATED SCHOOL DISTRICT 26JT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2022**

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

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_yes      X  no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)?   X  yes    \_\_\_\_\_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>
84.425D	COVID-19 Education Stabilization Fund
84.425U	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, 2022**

**Section II – Financial Statement Findings**

**Finding 2022-001: Grant Management**

*Type of Finding: Internal Control (significant deficiency)*

*Context:* The District accounted for 29 state and local grants in the Governmental Designated Purposes Grant fund for the year ended June 30, 2022. Ten of these grants were tested during the audit.

*Condition:* The District did not accurately reconcile grant activity in the general ledger in four grants tested.

*Criteria:* A system of internal control includes the design, documentation and monitoring of control activities over the grant reconciliation and oversight process.

*Cause:* The District has not implemented adequate controls over the grant reconciliation and oversight process due the significant volume of grants and grant transactions and having limited staff to process them.

*Effect:* Audit adjustments were necessary to accurately reconcile grant activity to the general ledger accounting records.

*Recommendation:* The District should continue to strengthen its internal controls with adopted policies and procedures for reconciliation and oversight of grant activity.

*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, 2022**

**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:* 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.

*Status:* Implemented.



# 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 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, 2022.

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, 2022

The findings from the June 30, 2022 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 2022-001: Grant Management**

*Type of finding: Internal Control (significant deficiency)*

*Recommendation:* The District should continue to strengthen its internal controls with adopted policies and procedures for reconciliation and oversight of grant activity.

*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 and all State and Federal grant reconciliations. All balance sheet accounts will be carefully reviewed and assessed. Persons Responsible: Director of Finance, Grant Director, Business Office Assistant, Administrative Office Assistant and Superintendent of Schools



# CENTER CONSOLIDATED SCHOOL DISTRICT 26JT

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<http://www.center.k12.co.us> email: [ccsd@center.k12.co.us](mailto:ccsd@center.k12.co.us)

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

Sincerely yours,

A handwritten signature in cursive script that reads "Carrie Zimmerman".

Carrie Zimmerman  
Superintendent  
Center Consolidated School District No. 26JT

A handwritten signature in cursive script 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 2021-22  
 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	3,233,394	8,483,497	6,477,160	5,239,731
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	114,442	356,203	312,868	157,776
<b>Sub- Total</b>	<b>3,347,836</b>	<b>8,839,700</b>	<b>6,790,029</b>	<b>5,397,507</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	171,069	702,283	529,555	343,797
22 Govt Designated-Purpose Grants Fund	55,769	6,083,096	6,083,096	55,769
23 Pupil Activity Special Revenue Fund	129,355	139,041	120,027	148,368
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	408,556	363,519	344,676	427,398
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>4,112,585</b>	<b>16,127,638</b>	<b>13,867,383</b>	<b>6,372,840</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FINAL