CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
CENTER, COLORADO

FINANCIAL STATEMENTS

June 30, 2023

Wall,
Smith,
Bateman Inc.
Certified Public Accountants

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
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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, 2023, 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, 2023, 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 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 11, 2023, 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 11, 2023

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

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, 2023.

Financial Highlights

Total Net Position as of June 30, 2022 was $19,684,519. Total Net Position as of June 30, 2023 was $19,985,494, which is an increase of $300,975. 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 increased State Equalization and some 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 2023 came in at $8,501,461, a decrease of $340,853 as compared to Fiscal Year 2022. State Sources brought in total revenues of $6,199,809, which includes a total of $5,427,859, in State Equalization (Per Pupil Funding) after recessions. This is a minor increase of $181,919 as compared to FY2022. Total Student FTE (Full-Time Equivalent) Count came in at 621 for FY2023. The Budget Stabilization Factor for FY2023 came in at $(261,565). Local sources of income came in at $1,742,131 and Federal Sources brought in $533,906 of which is primarily from US Forest Reserve Funding received from the counties.

Total General Fund expenditures for the Fiscal Year 2023 were $7,816,889, an increase of $1,026,862 as compared to June 30, 2022. This is a major result of available ESSER (Elementary and Secondary School Emergency Relief) Funds which should be completely spent out by September 30, 2024.

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.

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 the funds to help it manage and control its finances to achieve certain results.

The District uses one type of fund:

- **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.

Analysis of District Financial Position

The Center Consolidated School District ended the 2022-2023 fiscal year with a General Fund – fund balance of $6,074,697, an increase of $677,190 as compared to the Fiscal Year 2022 ending fund balance of $5,397,507. The overall fund balance including all funds is $6,946,427.

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 621 students and a PPOR of $11,041. The budget stabilization factor was reduced to $261,525 as compared to $408,529 in FY2022. This resulted in higher State Equalization revenues which were increased by $181,919 as compared to Fiscal Year 2022. 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 spent out ESSER II funding in FY2023; and, will spend out the remaining amount of $330,009 by September 30, 2024. 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. The District is continually awarded other major grants in Fiscal Year 2023 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.

Condensed Financial Information

Condensed Statement of Net Position
June 30, 2023 and 2022

	Governmental Activities	
	2023	**2022**
Assets		
Current Assets	**$ 9,529,829**	$ 9,276,628
Capital Assets	**28,426,505**	28,974,078
Total Assets	**37,956,334**	38,250,706
Deferred Outflow of Resources	**3,430,914**	2,587,192
Liabilities		
Current Liabilities	**2,537,603**	2,857,986
Noncurrent Liabilities	**17,224,183**	13,957,320
Total Liabilities	**19,761,786**	16,815,306
Deferred Inflow of Resources	**1,639,968**	4,338,073
Net Position		
Net Investment in Capital Assets	**26,081,790**	26,340,080
Restricted for Preschool	**167,445**	157,780
Restricted for Debt Service	**441,060**	427,399
Restricted for TABOR	**347,000**	310,087
Unrestricted	**(7,051,801)**	(7,550,827)
Total Net Position	**$ 19,985,494**	$ 19,684,519

Condensed Statement of Activities
For the years ended June 30, 2023 and 2022

	Governmental Activities	
	2023	**2022**
Revenues		
Program Revenues		
Charges for Services	**76,194**	74,857
Operating Grants & Contributions	**6,672,722**	8,700,985
Capital Grants & Contributions	**-**	-
General Revenues		
Property Taxes	**1,401,440**	1,428,156
Other Taxes	**239,097**	224,369
State Equalization	**5,427,859**	5,245,940
Other	**145,962**	145,210
Total Revenues	**13,963,274**	15,819,517
Expenses		
Instructional Program	**7,860,667**	4,970,862
Student and Instructional Services	**1,373,189**	1,307,911
Administration and Business	**1,654,902**	793,928
Operations and Maintenance	**921,876**	808,972
Tranportation	**414,410**	298,960
Food Services	**663,231**	321,225
Interest on Long-Term Debt	**101,247**	112,513
Other	**672,777**	498,776
Total Expenses	**13,662,299**	9,113,147
Change in Net Position	**300,975**	6,706,370
Beginning Net Position	**19,684,519**	12,978,149
Ending Net Position	**$ 19,985,494**	$ 19,684,519

Analysis of Balances and Transactions of Individual Funds

General Fund: The 2022-2023 fiscal year ending fund balance of $6,074,697 represents an increase of $677,190 from the previous fiscal year's ending fund balance of, $5,397,507. After factoring in the District's State Equalization and major federal grants share for the Fiscal Year 2023 and all expenditures, the District still maintains a healthy fund balance.

Expenditures in the General Fund came in $5,202,852 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 also budgeted a total of $3,627,366 in reserves. The District's revenues came in $869,227 more than anticipated. Attributing to this increase in revenues, are federal dollars which came in over $513,906 highly attributed to US Forest Reserve Funds.

GDPG Fund: Our GDPG Fund revenues for 2022-2023 were $4,382,703, a significant decrease of $1,700,394 from 2021-2022 revenues of $6,083,097. This decrease can be attributed to a total decrease of $2,146,503 in Federal Funding. The District spent out ESSER II Funds in FY2023 and will spend out the remaining balance in ESSER III by September 2024. The District continues to search and receive various grants that will help to subsidize many programs.

Food Service: Total revenue for the fiscal year 2022-2023 was $571,379. Total operating expenses for the 2022-2023 School Year were $689,699. Ending Fund Balance in the Food Service Fund at June 30, 2023 was $225,447 as compared to the ending fund balance of $343,797 at June 30, 2022. This is a significantly high fund balance which resulted from various COVID grants since the pandemic's inception in 2020. The District is working with the Colorado Department of Education on a plan to bring down Total Cash and Fund Balance.

Special Revenue Student Activity Fund: Total expenditures from the Special Revenue Student Activity Fund for 2022-2023 were $190,084, an increase of $70,058 from the fiscal year 2021-2022. 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 $358,112; and, total expenditures were $344,451 at June 30, 2023. The Bond Redemption Fund had an ending fund balance of $441,060 at June 30, 2023. The Bond Redemption Fund is a debt service fund used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on long-term general obligation debt or long-term voter-approved lease purchase debt. A third party financial institution is the custodian of these funds. The District will maintain this annual debt service until the Fiscal Year ending 2031.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

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, 2023 is $2,483,870. Of this amount, $2,344,715 is in the form of General Obligation Bonds for construction of a new school. In addition, there are compensated absences payables of $139,155.

Condensed Schedule of Capital Assets
(Net of Accumulated Depreciation)
June 30, 2023 and 2022

	Governmental Activities	
	2023	**2022**
Land	**$ 69,214**	$ 69,214
Construction in Progress	**-**	-
Land Improvements	**1,114,316**	1,196,239
Infrastructure	**57,337**	62,603
Equipment	**1,006,054**	1,020,298
Buildings	**26,179,584**	26,625,724
Total Expenses	**$ 28,426,505**	$ 28,974,078

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 2023-2024 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.

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, 2023

	Primary Government Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 8,208,012
Accounts Receivable	50,782
Due from Other Governments	1,160,619
Property Tax Receivable	105,814
Inventory	4,602
Capital Assets	
Nondepreciable Assets	69,214
Depreciable Assets (Net)	28,357,291
TOTAL ASSETS	37,956,334
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	3,290,169
OPEB	140,745
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,430,914
LIABILITIES	
Accounts Payable	103,786
Accrued Salaries and Benefits	985,219
Accrued Interest Payable	12,436
Due to Other Governments	-
Unearned Grant Revenue	1,436,162
Long-term Liabilities	
Due Within One Year	253,717
Due in More than One Year	2,230,153
Net Pension Liability	14,254,409
Net OPEB Liability	485,904
TOTAL LIABILITIES	19,761,786
DEFERRED INFLOWS OF RESOURCES	
Pensions	1,383,020
OPEB	198,713
Unavailable Revenue - Property Tax	58,235
TOTAL DEFERRED INFLOWS OF RESOURCES	1,639,968
NET POSITION	
Net Investment in Capital Assets	26,081,790
Restricted for:	
TABOR	347,000
Preschool	167,445
Debt Service	441,060
Unrestricted	(7,051,801)
TOTAL NET POSITION	$ 19,985,494

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, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government
Primary Government:					
Governmental Activities:					
Instructional Program	$ 6,389,757	$ 23,911	$ 2,377,498	$ -	$ (3,988,348)
Student Supporting Services	1,373,189	25,221	3,008,421	-	1,660,453
Instructional Staff Supporting Services	1,470,910	-	559,463	-	(911,447)
General Administration Supporting Services	857,194	-	10,569	-	(846,625)
School Administration Supporting Services	627,900	-	23,358	-	(604,542)
Business Supporting Services	169,808	-	6,727	-	(163,081)
Operations & Maintenance of Plant Services	921,876	-	14,553	-	(907,323)
Student Transportation Services	414,410	-	87,223	-	(327,187)
Central Supporting Services	490,865	-	11,626	-	(479,239)
Non Instructional Parent Services	160,154	-	6,013	-	(154,141)
Community Services	21,758	-	12,500	-	(9,258)
Food Services	663,231	27,062	554,771	-	(81,398)
Interest on Long-term Debt	101,247	-	-	-	(101,247)
Total Governmental Activities	13,662,299	76,194	6,672,722	-	(6,913,383)
Total Primary Government	$ 13,662,299	$ 76,194	$ 6,672,722	$ -	(6,913,383)

General Revenues:	
Taxes:	
General Property Taxes - Net	1,401,440
Specific Ownership Tax	238,334
Delinquent Tax and Interest	763
State Equalization	5,427,859
Interest and Miscellaneous	145,962
Total General Revenues	7,214,358
Change in Net Position	300,975
Net Position, Beginning of Year	19,684,519
Net Position, End of Year	$ 19,985,494

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

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2023

	GENERAL FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	$ 6,212,524	$ 1,293,898	$ 701,590	$ 8,208,012
Accounts Receivable	19,467	-	31,315	50,782
Property Tax Receivable	79,031	-	26,783	105,814
Due from Other Funds	9,833	21,350	-	31,183
Due from Other Governments	542,225	525,091	93,303	1,160,619
Inventory	-	-	4,602	4,602
TOTAL ASSETS	$ 6,863,080	$ 1,840,339	$ 857,593	$ 9,561,012
LIABILITIES				
Accounts Payable	$ 44,546	$ 59,241	$ (1)	$ 103,786
Accrued Salaries and Benefits	671,950	297,818	15,451	985,219
Due to Other Funds	21,350	-	9,833	31,183
Due to Other Governments	-	-	-	-
Unearned Grant Revenue	7,043	1,427,512	1,607	1,436,162
TOTAL LIABILITIES	744,889	1,784,571	26,890	2,556,350
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Tax	43,494	-	14,741	58,235
FUND BALANCE				
Nonspendable	-	-	4,602	4,602
Restricted	514,445	-	441,060	955,505
Committed	1,114,988	55,768	370,300	1,541,056
Asssigned	1,174,353	-	-	1,174,353
Unassigned	3,270,911	-	-	3,270,911
TOTAL FUND BALANCE	6,074,697	55,768	815,962	6,946,427
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 6,863,080	$ 1,840,339	$ 857,593	$ 9,561,012

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, 2023

Total governmental fund balances		$ 6,946,427
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.		28,426,505
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position.		3,430,914
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Refunding Bonds	$ (2,344,715)	
Accrued Interest Payable	(12,436)	
Financed Purchase Agreement	-	
Compensated Absences	(139,155)	
		(2,496,306)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.		(14,740,313)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.		(1,581,733)
Net position of governmental activities		$ 19,985,494

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, 2023

	GENERAL FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Local Sources	$ 1,742,131	$ 166,010	$ 568,932	$ 2,477,073
Intermediate Sources	25,615	15,576	-	41,191
State Sources	6,199,809	2,901,290	2,690	9,103,789
Federal Sources	533,906	1,299,827	541,627	2,375,360
TOTAL REVENUES	8,501,461	4,382,703	1,113,249	13,997,413
EXPENDITURES				
Instructional Program	4,144,582	1,506,936	183,398	5,834,916
Student Supporting Services	169,079	1,202,234	1,000	1,372,313
Instructional Staff Supporting Services	364,968	1,104,935	-	1,469,903
General Administration Supporting Services	774,685	55,110	-	829,795
School Administration Supporting Services	595,215	32,119	-	627,334
Business Administration Supporting Services	167,188	2,457	-	169,645
Operations and Maintenance of Plant Services	929,683	76,068	-	1,005,751
Student Transportation Services	217,763	141,620	-	359,383
Central Supporting Services	403,961	86,622	-	490,583
Non Instructional Parent Services	-	160,008	-	160,008
Community Services	3,686	12,386	5,686	21,758
Food Services	-	2,211	689,699	691,910
Facilities Acquisition and Construction	-	-	-	-
Debt Service	46,079	-	344,451	390,530
TOTAL EXPENDITURES	7,816,889	4,382,706	1,224,234 -	13,423,829
Excess (deficiency) of revenues over expenditures	684,572	(3)	(110,985)	573,584
OTHER FINANCING SOURCES (USES)				
Transfer from(to) Other Funds	(7,382)	-	7,382	-
TOTAL OTHER FINANCING SOURCES (USES)	(7,382)	-	7,382	-
Net Change in Fund Balance	677,190	(3)	(103,603)	573,584
FUND BALANCE, Beginning of Year	5,397,507	55,771	919,565	6,372,843
FUND BALANCE, End of Year	$ 6,074,697	$ 55,768	$ 815,962	$ 6,946,427

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, 2023

Net change in fund balances - total governmental funds		$ 573,584
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	$ 195,032	
Capital asset deletions	-	
Depreciation expense	(742,605)	
		(547,573)
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	243,767	
Principal payment on financed purchase agreement	45,516	
		289,283
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		(5,731)
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.		(8,588)
Change in net position of governmental funds		$ 300,975

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

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.

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.

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.

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

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.

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.

Fund balance categories at June 30, 2023 were made up of the following:

	General Fund	Governmental Designated Purpose Grants Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable				
Inventory	$ -	$ -	$ 4,602	$ 4,602
Restricted				
TABOR 3% Reserve	347,000	-	-	347,000
Preschool	167,445	-	-	167,445
Debt Service	-	-	441,060	441,060
	514,445	-	441,060	955,505
Committed				
Grants	-	55,768	-	55,768
Pupil Activity Fund	-	-	149,425	149,425
Food Services	-	-	220,875	220,875
Multi-Year Obligation	1,114,988	-	-	1,114,988
	1,114,988	55,768	370,300	1,541,056
Assigned				
Designated for Subsequent Years	1,174,353	-	-	1,174,353
Unassigned	3,270,911	-	-	3,270,911
Total Fund Balance	$ 6,074,697	$ 55,768	$ 815,962	$ 6,946,427

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.

Change in Accounting Principle

During fiscal year 2023, the District adopted the provisions of GASB Statement No. *96, Subscription-Based Information Technology Arrangement (SBITA)*, that establishes that a SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange-like transaction. This standard requires governmental entities to record a subscription liability and an intangible right-to-use subscription asset for those contracts for the subscription term. 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 2023.

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, 2023, the District's cash, deposits, and investments were reported in the financial statements as follows:

Cash in Bank	$ 7,789,785
Cash on Hand	90
Investments	418,137
Total Cash and Deposits	$ 8,208,012

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

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, $7,874,125, of the District's bank balance of $8,124,125 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.

NOTE 4 ACCOUNTS RECEIVABLE

Governmental activities accounts receivable at June 30, 2023, consisted of the following:

General Fund	$ 19,467
Nonmajor Funds	31,315
	$ 50,782

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, 2023, the District had $1,160,619 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, 2023, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Food Service Fund	$ 9,833
Governmental Des. Purpose Grants Fund	General Fund	21,350
		$ 31,183

Interfund Transfers

Interfund transfers for the year ended June 30, 2023, were as follows:

Transfer In	Transfer Out	Amount
Activity Fund	General Fund	$ 7,382

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

Governmental Activities	Balance 06/30/2022	Additions	Deletions	Balance 06/30/2023
Capital assets not being depreciated				
Land	$ 69,214	$ -	$ -	$ 69,214
Total capital assets not being depreciated	69,214	-	-	69,214
Capital assets being depreciated				
Land Improvements	2,475,797	41,874	-	2,517,671
Buildings	31,259,133	7,440	-	31,266,573
Equipment	3,645,998	145,718	-	3,791,716
Infrastructure	126,027	-	-	126,027
Total capital assets being depreciated	37,506,955	195,032	-	37,701,987
Less accumulated depreciation for:				
Land Improvements	1,279,558	123,797	-	1,403,355
Buildings	4,633,409	453,580	-	5,086,989
Equipment	2,625,700	159,962	-	2,785,662
Infrastructure	63,424	5,266	-	68,690
Total capital assets being depreciated	8,602,091	742,605	-	9,344,696
Total Capital Assets being depreciated, net	28,904,864	(547,573)	-	28,357,291
Governmental Activities, net	$ 28,974,078	$ (547,573)	$ -	$ 28,426,505

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

Governmental activities:	
Instructional Program	$ 628,134
General Administration Supporting Services	34,583
Operations & Maintenance of Plant Services	12,364
Student Transportation Services	54,795
Food Services	12,729
Total depreciation expense - governmental activities	$ 742,605

NOTE 8 ACCRUED SALARIES AND BENEFITS

The teachers, administrators, and the administrative staff are employed under nine, ten, and eleven month contracts. All District employees are paid on a twelve-month basis; therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of $985,219.

NOTE 9 LONG-TERM LIABILITIES

Changes in Long-Term Debt

Long-term liability balances for the year ended June 30, 2023, were as follows:

	Balance 06/30/2022	Additions	Deletions	Balance 06/30/2023	Due Within One Year
Governmental Activities					
G.O. Bonds Payable	$ 2,588,482	$ -	$ 243,767	$ 2,344,715	$ 253,717
Financed Purchase Agreement	45,516	-	45,516	-	-
Compensated Absences	133,424	5,731	-	139,155	-
Total	$ 2,767,422	$ 5,731	$ 289,283	$ 2,483,870	$ 253,717

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 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	297,750	45,598	343,348
FY2029-2031	968,247	60,336	1,028,583
	$ 2,344,715	$ 402,903	$ 2,747,618

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, 2023 was $0.

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.

Benefits provided as of December 31, 2022. 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.

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, 2023. 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 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 Through June 30, 2023
Employer Contribution Rate	11.40%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%
Amount Apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were $1,357,596, for the year ended June 30, 2023.

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 a $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 Schools Division Trust Fund. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of $380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately $14.5 million (actual dollars), for a total of approximately $49.5 million (actual dollars) to be contributed July 1, 2023.

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, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the TPL to December 31, 2022. The District's proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2023, the District reported a liability of $14,254,409 for its proportionate share of the net pension liability that reflected an increase 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	$	14,254,409
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Center Consolidated School District		4,153,878
Total	$	18,408,287

At December 31, 2022, the District's proportion was 0.0783 percent, which was a decrease of .0134 percent from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of $67,577 and revenue of $354,219 for support from the State as a nonemployer contributing entity. At June 30, 2023, 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	$ 134,903	$ -
Changes of assumptions or other inputs	252,492	-
Net difference between projected and actual earnings on pension plan investments	1,914,892	-
Changes in proportionate share	232,854	1,383,020
Contributions subsequent to the measurement date	755,028	-
Total	$ 3,290,169	$ 1,383,020

$755,028 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, 2024. 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,	
2024	$ (182,042)
2025	(275,629)
2026	495,984
2027	1,113,808
2028	-
Thereafter	-

Actuarial assumptions. The TPL in the December 31, 2021 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[1]	Financed by the AIR

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

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

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, 2021, 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 at least every five years for PERA. 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:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	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 nominal 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 member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include the current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled $225 million (actual dollars) direct distribution, a warrant to PERA in the amount of $380 million (actual dollars). The July 1, 2023, direct distribution is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from $225 million (actual dollars) due to PERA's negative investment return in 2022.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the 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 index, 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	$ 18,654,119	$ 14,254,409	$ 10,580,201

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.

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, 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 by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/ investments/pera-financial-reports.

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure 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 $67,946 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of $485,904 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the District proportion was 0.0595%, which was a decrease of 0.0004% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023 the District recognized OPEB expense of ($58,989). At June 30, 2023, the 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	$ 63	$ 117,508
Net difference between projected and actual earnings on OPEB plan investments	29,678	-
Changes of assumptions or other inputs	7,810	53,629
Changes in proportion and differences between contributions recognized and proportionate share of contributions	65,406	27,577
Contributions subsequent to the measurement date	37,788	-
Total	$ 140,745	$ 198,714

$37,788 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, 2024. 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,	
2024	$ (37,236)
2025	(40,046)
2026	(14,470)
2027	9,785
2028	(10,755)
Thereafter	(3,035)

Actuarial assumptions. The TOL in the December 31, 2021 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%
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	6.50% in 2022 gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.00%	1.50%
70	2.90%	1.60%
71	1.60%	1.40%
72	1.40%	1.50%
73	1.50%	1.60%
74	1.50%	1.50%
75	1.50%	1.40%
76	1.50%	1.50%
77	1.50%	1.50%
78	1.50%	1.60%
79	1.50%	1.50%
80	1.40%	1.50%
81 and older	0.00%	0.00%

Sample Age	MAPD PPO #1 with Medicare Part A Retiree/Spouse Male	MAPD PPO #1 with Medicare Part A Retiree/Spouse Female	MAPD PPO #2 with Medicare Part A Retiree/Spouse Male	MAPD PPO #2 with Medicare Part A Retiree/Spouse Female	MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse Male	MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse Female
65	$ 1,704	$ 1,450	$ 583	$ 496	$ 1,923	$ 1,634
70	$ 1,976	$ 1,561	$ 676	$ 534	$ 2,229	$ 1,791
75	$ 2,128	$ 1,681	$ 728	$ 575	$ 2,401	$ 1,896

Sample Age	MAPD PPO #1 without Medicare Part A Retiree/Spouse Male	MAPD PPO #1 without Medicare Part A Retiree/Spouse Female	MAPD PPO #2 without Medicare Part A Retiree/Spouse Male	MAPD PPO #2 without Medicare Part A Retiree/Spouse Female	MAPD HMO (Kaiser) without Medicare Part A Retiree/Spouse Male	MAPD HMO (Kaiser) without Medicare Part A Retiree/Spouse Female
65	$ 6,514	$ 5,542	$ 4,227	$ 3,596	$ 6,752	$ 5,739
70	$ 7,553	$ 5,966	$ 4,901	$ 3,872	$ 7,826	$ 6,185
75	$ 8,134	$ 6,425	$ 5,278	$ 4,169	$ 8,433	$ 6,657

The 2022 Medicare Part A premium is $499 (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, 2021, 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:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, 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.

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 HCTF:

- Per capita health care costs in effect as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.

- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.

- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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.

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, 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 at least every five years for PERA. 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:

Asset Class	**Target Allocation**	**30 Year Expected Geometric Real Rate of Return**
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	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 nominal 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:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 472,150	$ 485,904	$ 500,869

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, 2022, 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 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	$ 563,306	$ 485,904	$ 419,699

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.

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 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.

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, 2023, program members contributed $17,713, 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, 2023. Complete separate financial statements may be obtained from BOCES.

Colorado School Districts' Self-Insurance Pool

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

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as expenditures in the General Fund. The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2023. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

Center Viking Youth Club

The Center Viking Youth Club is an organization that provides after-school and summer programming to community members. The District and the Center Viking Youth Club partner to provide these services. The District provides the facilities to the Center Viking Youth Club at no cost and approximately four employees of the District provide support and after school services in partnership with the Center Viking Youth Club. During fiscal year 2023, the District reimbursed the Center Viking Youth Club approximately $36,000 in wages for after school services provided by Center Viking Youth Club. This balance was outstanding as of June 30, 2023.

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, 2023

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local Sources	$ 1,528,591	$ 1,528,591	$ 1,742,131	$ 213,540
Intermediate Sources	12,618	25,379	25,615	236
State Sources	6,111,147	6,058,264	6,199,809	141,545
Federal Sources	20,000	20,000	533,906	513,906
TOTAL REVENUES	7,672,356	7,632,234	8,501,461	869,227
EXPENDITURES				
Instructional Program	4,496,120	4,967,690	4,144,582	823,108
Student Supporting Services	268,510	345,225	169,079	176,146
Instructional Staff Supporting Services	489,599	469,030	364,968	104,062
General Administration Supporting Services	424,547	456,012	774,685	(318,673)
School Administration Supporting Services	535,184	592,212	595,215	(3,003)
Business Supporting Services	172,119	178,684	167,188	11,496
Operations and Maintenance of Plant Services	1,045,150	1,191,292	929,683	261,609
Student Transportation Services	294,330	301,847	217,763	84,084
Central Supporting Services	351,622	637,661	403,961	233,700
Community Services	6,643	6,643	3,686	2,957
Facilities Acquisition and Construction	-	200,000	-	200,000
Debt Service	46,079	46,079	46,079	-
Reserves	3,176,162	3,627,366	-	3,627,366
TOTAL EXPENDITURES	11,306,065	13,019,741	7,816,889	5,202,852
Excess (deficiency) of revenues over expenditures	(3,633,709)	(5,387,507)	684,572	6,072,079
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	-	-
Transfer (To) From Other Funds	(10,000)	(10,000)	(7,382)	2,618
TOTAL OTHER FINANCING SOURCES (USES)	(10,000)	(10,000)	(7,382)	2,618
Net Change in Fund Balance	(3,643,709)	(5,397,507)	677,190	6,074,697
Fund Balance, Beginning of Year	3,643,709	5,397,507	5,397,507	-
Fund Balance, End of Year	$ -	$ -	$ 6,074,697	$ 6,074,697

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, 2023

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Local Sources	$ -	$ 236,648	$ 166,010	$ (70,638)
Intermediate Sources	-	27,687	15,576	(12,111)
State Sources	-	4,077,141	2,901,290	(1,175,851)
Federal Sources	1,093,835	1,811,083	1,299,827	(511,256)
TOTAL REVENUES	1,093,835	6,152,559	4,382,703	(1,769,856)
EXPENDITURES				
Instructional Program	405,825	1,953,455	1,506,936	446,519
Student Supporting Services	83,120	1,651,705	1,202,234	449,471
Instructional Staff Supporting Services	209,889	1,834,976	1,104,935	730,041
General Administration Supporting Services	298,955	245,208	55,110	190,098
School Administration Supporting Services	22,113	22,113	32,119	(10,006)
Business Administration Supporting Services	-	1,229	2,457	(1,228)
Operations and Maintenance of Plant Services	45,000	51,900	76,068	(24,168)
Student Transportation Services	27,933	228,635	141,620	87,015
Central Supporting Services	-	-	86,622	(86,622)
Non Instructional Parent Services	-	400	160,008	(159,608)
Community Services	1,000	162,938	12,386	150,552
Food Service	-	-	2,211	(2,211)
Facilities Acquisition and Construction	-	-	-	-
Reserves	-	-	-	-
TOTAL EXPENDITURES	1,093,835	6,152,559	4,382,706	1,769,853
Net Change in Fund Balance	-	-	(3)	(3)
Fund Balance, Beginning of Year	-	-	55,771	55,771
Fund Balance, End of Year	$ -	$ -	$ 55,768	$ 55,768

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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.078280%	0.091718%	0.091371%	0.085555%	0.087127%	0.094716%	0.095384%	0.097919%	0.099665%	0.107048%
District's proportionate share of the net pension liability (asset)	$ 14,254,409	$ 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	4,153,878	1,223,582	-	1,621,193	2,109,515	-	-	-	-	-
Total	$ 18,408,287	$ 11,897,092	$ 13,813,436	$ 14,402,872	$ 17,537,153	$ 30,627,627	$ 28,399,530	$ 14,976,078	$ 13,508,004	$ 13,654,000
District's covered payroll	$ 6,073,014	$ 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	235%	186%	282%	254%	322%	701%	664%	342%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	61.79%	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.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,357,596	$ 1,161,778	$ 1,069,494	$ 960,436	$ 947,014	$ 878,622	$ 773,210	$ 773,605	$ 720,105	$ 677,141
Contributions in relation to the contractually required contribution	(1,357,596)	(1,161,778)	(1,069,494)	(960,436)	(947,014)	(878,622)	(773,210)	(773,605)	(720,105)	(677,141)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 6,661,399	$ 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
Contributions as a percentage of covered payroll	20.38%	19.88%	19.88%	19.38%	19.13%	18.89%	18.39%	17.74%	16.90%	15.99%

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,

	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.059512%	0.059885%	0.052862%	0.055926%	0.056624%	0.053817%	0.054221%
District's proportionate share of the net OPEB liability (asset)	$ 485,904	$ 516,388	$ 502,304	$ 628,609	$ 770,389	$ 699,405	$ 702,995
District's covered payroll	$ 6,073,014	$ 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	8%	9%	10%	13%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	38.57%	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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 67,946	$ 59,608	$ 54,873	$ 50,549	$ 50,494	$ 47,439	$ 42,896	$ 44,486	$ 43,456	$ 43,203
Contributions in relation to the contractually required contribution	(67,946)	(59,608)	(54,873)	(50,549)	(50,494)	(47,439)	(42,896)	(44,486)	(43,456)	(43,203)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 6,661,399	$ 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
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
June 30, 2023

NOTE 1 NET PENSION LIABILITY

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

2022

- Required contribution increased from 10.50% to 11.00% for eligible employees.

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 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 31st measurement period for the following years ended:

2022

- The Medicare Part A premium increased from $471 to $499 per month.
- The per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.
- Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the total OPEB liability.

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.

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.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for and report resources that are restricted, committed or assigned to expenditure for principal and interest. Debt Service Funds should be used to report resources if legally mandated.

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 financed-purchase debt.

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

June 30, 2023

	SPECIAL REVENUE FUNDS			
	PUPIL ACTIVITY FUND	FOOD SERVICE FUND	BOND REDEMPTION FUND	TOTAL NONMAJOR FUNDS
ASSETS				
Cash and Cash Equivalents	$ 129,006	$ 154,447	$ 418,137	$ 701,590
Accounts Receivable	20,418	9,365	1,532	31,315
Property Tax Receivable	-	-	26,783	26,783
Due from Other Funds	-	-	-	-
Due from Other Governments	-	82,975	10,328	93,303
Inventory	-	4,602	-	4,602
TOTAL ASSETS	$ 149,424	$ 251,389	$ 456,780	$ 857,593
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	$ (1)	$ -	$ -	$ (1)
Accrued Salaries and Benefits	-	15,451	-	15,451
Due to Other Funds	-	9,833	-	9,833
Due to Other Governments	-	-	-	-
Unearned Grant Revenue	-	628	979	1,607
TOTAL LIABILITIES	(1)	25,912	979	26,890
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Tax	-	-	14,741	14,741
FUND BALANCE				
Nonspendable	-	4,602	-	4,602
Restricted	-	-	441,060	441,060
Committed	149,425	220,875	-	370,300
TOTAL FUND BALANCE	149,425	225,477	441,060	815,962
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 149,424	$ 251,389	$ 456,780	$ 857,593

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT

NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2023

	SPECIAL REVENUE FUNDS			
	PUPIL ACTIVITY FUND	FOOD SERVICE FUND	BOND REDEMPTION FUND	TOTAL NONMAJOR FUNDS
REVENUES				
Local Sources	$ 183,758	$ 27,062	$ 358,112	$ 568,932
State Sources	-	2,690	-	2,690
Federal Sources	-	541,627	-	541,627
TOTAL REVENUES	183,758	571,379	358,112	1,113,249
EXPENDITURES				
Instructional Program	183,398	-	-	183,398
Student Supporting Services	1,000	-	-	1,000
Debt Service	-	-	344,451	344,451
Food Services	-	689,699	-	689,699
Community Services	5,686	-	-	5,686
TOTAL EXPENDITURES	190,084	689,699	344,451	1,224,234
Excess (deficiency) of revenues over expenditures	(6,326)	(118,320)	13,661	(110,985)
OTHER FINANCING SOURCES (USES)				
Transfer From Other Funds	7,382	-	-	7,382
TOTAL OTHER FINANCING SOURCES (USES)	7,382	-	-	7,382
Net Change in Fund Balance	1,056	(118,320)	13,661	(103,603)
Fund Balance, Beginning of Year	148,369	343,797	427,399	919,565
Fund Balance, End of Year	$ 149,425	$ 225,477	$ 441,060	$ 815,962

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, 2023

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local Sources				
Pupil Activities	$ 121,679	$ 167,679	$ 183,758	$ 16,079
TOTAL REVENUES	121,679	167,679	183,758	16,079
EXPENDITURES				
Instructional Program	126,459	173,710	183,398	(9,688)
Student Supporting Services	1,229	1,229	-	1,229
School Supporting Services	1,000	1,000	1,000	-
Operations and Maintenance of Plant Services	-	-	-	-
Food Services	-	-	-	-
Community Services	11,491	14,491	5,686	8,805
Reserves	113,855	135,617	-	135,617
TOTAL EXPENDITURES	254,034	326,047	190,084	135,963
Excess (deficiency) of revenues over expenditures	(132,355)	(158,368)	(6,326)	152,042
OTHER FINANCING SOURCES (USES)				
Transfer From Other Funds	10,000	10,000	7,382	(2,618)
TOTAL OTHER FINANCING SOURCES (USES)	10,000	10,000	7,382	(2,618)
Net Change in Fund Balance	(122,355)	(148,368)	1,056	149,424
Fund Balance, Beginning of Year	122,355	148,368	148,369	1
Fund Balance, End of Year	$ -	$ -	$ 149,425	$ 149,425

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, 2023

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Local Sources	$ 19,675	$ 20,075	$ 27,062	$ 6,987
State Sources	3,260	8,260	2,690	(5,570)
Federal Sources	536,154	556,659	541,627	(15,032)
TOTAL REVENUES	559,089	584,994	571,379	(13,615)
EXPENDITURES				
Supporting Services				
Food Services				
Salaries	178,633	197,541	201,521	(3,980)
Fringe Benefits	102,818	107,175	94,311	12,864
Purchased Services	3,450	3,950	1,929	2,021
Food and Commodities	338,450	385,450	355,213	30,237
Other Operating	-	48,654	36,725	11,929
Reserves	23,256	-	-	-
TOTAL EXPENDITURES	646,607	742,770	689,699	53,071
Excess (deficiency) of revenues over expenditures	(87,518)	(157,776)	(118,320)	39,456
OTHER FINANCING SOURCES (USES)				
Transfer From Other Funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(87,518)	(157,776)	(118,320)	39,456
Fund Balance, Beginning of Year	87,518	157,776	343,797	186,021
Fund Balance, End of Year	$ -	$ -	$ 225,477	$ 225,477

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, 2023

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Local Sources	$ 344,451	$ 344,451	$ 358,112	$ 13,661
Other	-	-	-	-
TOTAL REVENUES	344,451	344,451	358,112	13,661
EXPENDITURES				
Debt Service	344,451	344,951	344,451	500
Reserves	408,310	426,898	-	426,898
TOTAL EXPENDITURES	752,761	771,849	344,451	427,398
Net Change in Fund Balance	(408,310)	(427,398)	13,661	441,059
Fund Balance, Beginning of Year	408,310	427,398	427,399	1
Fund Balance, End of Year	$ -	$ -	$ 441,060	$ 441,060

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, 2023

Federal Grantor/Program or Cluster Title	*Assistance Listing Number*	*Pass-through Grantor and Number*	*Federal Expenditure(s)*
Child Nutrition Cluster			
U.S. Department of Agriculture			
School Breakfast Program	10.553	Colorado Department of Education, 4553	$ 135,606
National School Lunch Program	10.555	Colorado Department of Human Services, 4555	2,090
National School Lunch Program	10.555	Colorado Department of Education, 4555	364,177
Summer Food Service Program for Children	10.559	Colorado Department of Education, 4559	16,992
Fresh Fruit and Vegetable Program	10.582	Colorado Department of Education, 4582	22,762
Total Child Nutrition Cluster			541,627
Forest Service Schools and Roads Cluster			
U.S. Department of Agriculture			
Schools and Roads - Grants to States	10.665	Colorado Department of Treasury and Saguache County Treasurer, 7665	512,080
Total Forest Service Schools and Roads Cluster			512,080
Total all Clusters			1,053,707
Other Programs			
U.S. Department of Transportation			
Highway Planning and Construction	20.205	Colorado Department of Transportation, 7205	45,574
Total U.S. Department of Transportation			45,574
U.S. Department of Treasury			
Coronavirus State and Local Fiscal Recovery Funds	21.027	Colorado Department of Education, 5127	10,552
Total U.S. Department of Treasury			10,552
U.S. Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education, 4010/5010	476,135
Career and Technical Education -- Basic Grants to States	84.048	Colorado Community Colleges, 4048	21,826
School Safety National Program	84.184	Colorado Department of Education, 8174	129,101
Rural Education	84.358	Colorado Department of Education, 6358	12,312
English Language Acquisition State Grants	84.365	Colorado Department of Education, 4365	20,982

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor/Program or Cluster Title	*Assistance Listing Number*	*Pass-through Grantor and Number*		*Federal Expenditure(s)*
Student Support and Academic Enrichment Program	84.424	Colorado Department of Education, 4424		26,169
COVID-19 Education Stabilization Fund	84.425D	Colorado Department of Education, 4420/5525		162,814
COVID-19 Education Stabilization Fund	84.425U	Colorado Department of Education, 4414/4449/4438/4436/9414		365,721
Special Education - State Personnel Development	84.323	Colorado Department of Education, 5323		17,662
Total U.S. Department of Education				1,265,527
Total Other Programs				1,321,653
Total Expenditures of Federal Awards			$	2,375,360

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

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, 2023. 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, 2023. 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.

Wall,
Smith,
Bateman Inc.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Center Consolidated School District 26JT (the District), as of and for the year ended June 30, 2023, 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 11, 2023.

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 were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as Finding 2023-001 that we consider to be a material weakness.

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

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 11, 2023

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

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, 2023. 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, 2023.

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.

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 11, 2023

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ______ yes __X__ no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? ______ yes __X__ none reported

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

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

Identification of major programs:

Federal Assistance Number(s)	Name of Federal Program or Cluster
84.425D	COVID-19 Education Stabilization Fund
84.425U	COVID-19 Education Stabilization Fund
10.665	Forest Service Schools and Roads Cluster

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

Auditee qualified as a low-risk auditee? ______ yes __X__ no

Section II – Financial Statement Findings

Finding 2023-001: Grant Management
(Repeat of Finding 2022-001.)

Type of Finding: Internal Control (material weakness)

Condition: While the District worked to improve its internal controls over grant management during FY 2023 with more frequent reconciliations between grant management and the finance department, the District was unable to completely reconcile all grant activity.

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 completely implemented adequate controls over the grant reconciliation and oversight process, due to significant volume of grants and grant transactions and having limited staff to process them.

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

1. Audit procedures noted approximately $200,000 of unspent grant funding that may need to be returned to the grantor as they were not utilized in the grant period.
2. Grant budgets were not in line with actual expenditures in several grants tested.
3. 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 over grant management by implementing a review process prior to submission of grant reimbursement requests and other grant reports. This can be achieved by implementing the grantor software digital distinct signature for preparer and reviewer. In addition, unspent grants should be regularly monitored by both grant management and the finance department for applicable expenditures within the period of availability to ensure grants are either spent or returned to the grantor timely.

Management's Response: See corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None

Section II – Financial Statement Findings

Finding 2022-001: Grant Management

Type of finding: Internal Control (significant deficiency)

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

Status: Not Implemented. See Finding 2023-001

CENTER CONSOLIDATED SCHOOL DISTRICT 26JT

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

CORRECTIVE ACTION PLAN

Oversight Agencies - U.S. Department of 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, 2023.

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, 2023

The findings from the June 30, 2023 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 2023-001: Grant Management
(Repeat of Finding 2022-001.)

Type of finding: Internal Control (material weakness)

Recommendation: The District should continue to strengthen its internal controls over grant management by implementing a review process prior to submission of grant reimbursement requests and other grant reports. This can be achieved by implementing the grantor software digital distinct signature for preparer and reviewer. In addition, unspent grants should be regularly monitored by both grant management and the finance department for applicable expenditures within the period of availability to ensure grants are either spent or returned to the grantor timely.

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

Action Taken:

The District will continue to conduct quarterly checks on the financial status and accounting processes including review of all revenue, expenditures, accounts payable and fund balances and all State and Federal grant reconciliations. All balance sheet accounts will be carefully reviewed and assessed. Mrs. Zimmerman will review and approve all Request for Funds. Persons responsible: Director of Finance, Grant Director, Business Office Assistant, Administrative Office Assistant, Superintendent of Schools.

If there are questions regarding this plan, please call the responsible parties listed below.

Sincerely yours,

Carrie Zimmerman

Carrie Zimmerman
Superintendent
Center Consolidated School District No. 26JT

Coleen Salazar

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

Katrina Ruggles

Katrina Ruggles
Grant Manager
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 2022-23

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	5,239,731	8,198,369	7,530,849	5,907,252
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	157,776	295,708	286,040	167,445
Sub- Total	**5,397,507**	**8,494,078**	**7,816,889**	**6,074,696**
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	343,797	571,378	689,698	225,477
22 Govt Designated-Purpose Grants Fund	55,769	4,382,704	4,382,707	55,767
23 Pupil Activity Special Revenue Fund	148,368	191,139	190,083	149,424
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	427,398	358,112	344,451	441,060
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	**6,372,840**	**13,997,412**	**13,423,827**	**6,946,425**
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	**0**	**0**	**0**	**0**
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	**0**	**0**	**0**	**0**

FINAL