EL PASO COUNTY SCHOOL DISTRICT #22

SINGLE AUDIT REPORTS

For the Year Ended June 30, 2025

EL PASO COUNTY SCHOOL DISTRICT #22
TABLE OF CONTENTS
JUNE 30, 2025

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
El Paso County School District #22

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

We have audited the schedule of expenditures of federal awards of El Paso County School District #22 for the year ended June 30, 2025, and the related notes (the schedule).

In our opinion, the accompanying schedule of expenditures of federal awards presents fairly, in all material respects, the expenditures of federal awards of El Paso County School District #22 for the year ended June 30, 2025, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Auditor's Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of El Paso County School District #22 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 opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the schedule 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 the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 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

31 East Platte Avenue, Suite 300 • Colorado Springs, CO 80903 • (719) 630-1091 • Fax (719) 630-0522 • www.hoeltingco.com

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 schedule.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the schedule, 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 schedule.

- 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 El Paso County School District #22'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 schedule.

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.

Hoelting & Company, Inc.

Colorado Springs, Colorado
May 21, 2026

FEDERAL COMPLIANCE

EL PASO COUNTY SCHOOL DISTRICT #22
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Additional Award Identification	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture					
Child Nutrition Cluster					
Passed Through Colorado Department of Education					
School Breakfast Program	10.553		4553	$ -	$ 70,377
National School Lunch Program	10.555		4555		361,713
Passed Through Colorado Department of Human Services					
National School Lunch Program	10.555		4555		34,320
Total Child Nutrition Cluster					466,410
Passed Through Colorado Department of Education					
Child Nutrition Discretionary Grants Limited Availability	10.579		5579		43,718
Total U.S. Department of Agriculture					510,128
U.S. Department of Education					
Direct Programs					
Impact Aid	84.041				389,838
					389,838
Passed Through Colorado Department of Education					
Title I Grants to Local Educational Agencies	84.010		4010		246,947
Supporting Effective Instruction State Grants	84.367		4367		47,717
Stronger Connections Grant Program (SCG)	84.424F		4451		84,741
Education Stabilization Fund					
ESSER III	84.425U	COVID-19	4461		90,000
Total U.S. Department of Education					469,405
Total Federal Awards				$ -	$ 1,369,371

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT #22
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of El Paso County School District #22 under programs of the federal government for the year ended June 30, 2025. 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 El Paso County School District #22, it is not intended to and does not present the financial position, changes in net position, or cash flows of El Paso County School District #22.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified-accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

El Paso County School District #22 has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – NON-CASH ASSISTANCE

During the year end June 30, 2025, El Paso County School District #22 received $34,320 in non-cash assistance in the form of food commodities. Valuation of commodities is based on fair market value at the time of receipt.

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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
El Paso County School District #22

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 Debt Service Fund and we were engaged to audit the Governmental Activities, General Fund, and Aggregate Remaining Fund Information of El Paso County School District #22, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise El Paso County School District #22's basic financial statements. Our report thereon, dated March 19, 2026, expressed an unmodified opinion on the Debt Service Fund and a disclaimer of opinion over the Governmental Activities, General Fund, and Aggregate Remaining Fund Information.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered El Paso County School District #22'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 El Paso County School District #22's internal control. Accordingly, we do not express an opinion on the effectiveness of El Paso County School District #22's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, 2025-003, 2025-004, 2025-005, 2025-006, 2025-007, and 2025-008 to be material weaknesses.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a significant deficiency. However, significant deficiencies may exist that were not identified.

31 East Platte Avenue, Suite 300 • Colorado Springs, CO 80903 • (719) 630-1091 • Fax (719) 630-0522 • www.hoeltingco.com

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether El Paso County School District #22'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*.

El Paso County School District #22's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the El Paso County School District #22's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. El Paso County School District #22'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.

Hoelting & Company Inc.

Colorado Springs, Colorado
May 21, 2026

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education
El Paso County School District #22

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited El Paso County School District #22's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of El Paso County School District #22's major federal programs for the year ended June 30, 2025. El Paso County School District #22's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, El Paso County School District #22 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, 2025.

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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of El Paso County School District #22 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 El Paso County School District #22'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 El Paso County School District #22's federal programs.

31 East Platte Avenue, Suite 300 • Colorado Springs, CO 80903 • (719) 630-1091 • Fax (719) 630-0522 • www.hoeltingco.com

Auditor's 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 El Paso County School District #22'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 El Paso County School District #22'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 El Paso County School District #22'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 El Paso County School District #22'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 El Paso County School District #22'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-009. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on El Paso County School District #22's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. El Paso County School District #22's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. 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 in internal control over compliance may exist that were not identified.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-009 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on El Paso County School District #22's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. El Paso County School District #22's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Hoelting & Company, Inc.

Colorado Springs, Colorado
May 21, 2026

EL PASO COUNTY SCHOOL DISTRICT #22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Governmental Activities, General Fund, and Aggregate Remaining Fund Information – Disclaimer; Debt Service Fund – Unmodified opinion.
Internal control over financial reporting:	
• Material weakness(es) identified?	_x_ yes ___ no
• Significant deficiency(ies) identified?	___ 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?	_x_ yes ___ 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 200.516(a)?	_x_ yes ___ no

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
ALN 10.553, 10.555	Child Nutrition Cluster
ALN 84.041	Impact Aid

Dollar threshold used to distinguish between type A and type B programs?	$750,000
Auditee qualified as low-risk auditee?	___ yes _x_ no

Section II—Financial Statement Findings

2025-001 Year-End Closing Procedures

Criteria: Year-end closing procedures should include a review of transactions at or near year-end to ensure activity is recorded in the correct accounting period. A closing process should be in place that requires all balance sheet and other significant accounts in each fund be reconciled to supporting schedules.

Condition: We noted that financial information included errors in certain balance sheet accounts and other significant accounts related to cash, prepaid items, accounts payable, payroll liabilities, capital assets, and expenditure allocations that warrant additional attention to monitoring and closing processes. Various balances in balance sheet and other significant accounts required material adjustments identified by the audit team and consultants that the District retained after field work started. The result was unsubstantiated adjustments of over $200,000 that could not be adequately supported by underlying documentation, contributing to the disclaimer of opinion on multiple opinion units.

Cause: Lack of effective closing procedures.

Effect: These errors caused material misstatements on both the balance sheet and the statement of revenues, expenditures, and changes in fund balance.

Recommendation: We recommend that management develop year-end closing procedures that provide for review of transactions and balances for appropriate accounting treatment and should define the responsibilities of performing those procedures.

Management response: The district has hired a business manager that will assist the district in developing a comprehensive year-end closing checklist, implement a monthly reconciliation process for all bank accounts and book accounts, which will be reviewed by the Business Manager and/or Superintendent and given to the Board of Education Monthly at its Regular Meetings.

The district will continue to provide office staff training and implementation of internal controls, to include but not limited to duty segregation and work flows. The scope of work will also include desk manuals with standard accounting procedures, that are aligned with GAAP requirements for governmental accounting.

2025-002 Grant Reconciliations and Reimbursements

Criteria: The District should maintain effective internal controls over federal and state grants, including periodic reconciliations of grant revenues, receivables, and deferred inflows to supporting schedules, in accordance with generally accepted accounting principles and 2 CFR 200.

Section II—Financial Statement Findings (continued)

Condition: Grant reconciliation procedures were not completed in a timely manner. Material adjustments were required in grants receivable, deferred revenue, revenue, and expenditures to record current-year reimbursement grant activity.

Cause: The District does not have a grant reconciliation process that ensures that grant expenditures are identified and reimbursed in a timely manner.

Effect: Material adjustments were required in grants receivable, deferred revenue, revenue, and expenditures to record current year reimbursement grant activity.

Recommendation: We recommend that management develop grant reconciliation processes and define the responsibilities for performing those procedures.

Management response: The district will implement a policy that any and all grants must be approved by building administration and the district office. When the district receives a grant, the submitter of the grant will be the main contact for providing the annual financial report. The district office will assign one person with the role of recording reconciliations and managing request for reimbursements and request for funds.

2025-003 Bank Reconciliations

Criteria: Bank accounts should be reconciled to the general ledger monthly, and reconciliations should be reviewed by someone independent of the preparation, consistent with sound internal control over cash.

Condition: Several material bank accounts were not adjusted throughout the year, requiring adjustments of over $200,000.

Cause: Bank reconciliations are not being regularly performed, and there is not an adequate review process of bank reconciliations to ensure that bank accounts are accurately reconciled in a timely manner.

Effect: Multiple bank accounts were either unreconciled at year-end, or the reconciliation was inaccurate.

Recommendation: We recommend that Management develop and implement procedures over bank reconciliations that ensure all transactions have been recorded in a timely manner.

Management response: The district create a yearly checklist with monthly milestones that have multiple business office staff involved with reconciling bank accounts and using the resources School Finance Unit that will help to develop a specific- task orientated reconciliation process. To include monthly reconciliation meetings with the superintendent to prepare reporting methods to the Board of Education.

Section II—Financial Statement Findings (continued)

2025-004 Payroll Processing

Criteria: Once contracts are finalized, they should be entered into the payroll system and reviewed for accuracy.

Condition: During payroll testing we selected 40 employees and we noted that there were 13 instances where the contract could not be found as well as 3 instances where the signature was not obtained on a contract.

Cause: Controls over payroll have not been fully implemented and are not reviewed.

Effect: Multiple employee contracts were not entered correctly into the payroll system.

Recommendation: We recommend that Management develop a process to ensure that employee contracts are entered accurately in the payroll system. Additionally, we recommend that management develop review procedures to ensure payroll data has been accurately entered.

Management response: The district will create a yearly checklist with monthly milestones that have multiple business office staff involved with preparing the monthly payroll. The leadership will work with the HR and BM positions to create solid on-boarding tasks and contract verification processes. Monthly HR reports will be prepared to present to the Board of Education.

2025-005 Accounts Payable and Accrued Liabilities

Criteria: Accounts payable and various accrued liabilities should be adjusted and reviewed on a regular basis.

Condition: We noted that the District did not accurately calculate or record accrued liabilities requiring material audit adjustments to accounts payable and other accrued liabilities.

Cause: The District does not have a reconciliation process in place for reconciling accounts payable and accrued liability accounts.

Effect: Various balances in balance sheet and other significant accounts required material adjustments identified by the audit team.

Recommendation: We recommend that management develop a reconciliation process that ensures that accounts payable and other accrued liabilities are accurate at year end.

Management response: The district will work with the business manager to establish a comprehensive liability reconciliation process that aligns with accounts payable and accrued liabilities that are in compliance with the auditors findings.

Section II—Financial Statement Findings (continued)

2025-006 Programmatic Allocations

Criteria: The CDE Chart of Accounts outlines a reporting structure that allows for expenditures to be allocated programmatically within each fund. Colorado school districts are required to use the CDE Chart of Accounts per C.R.S. and CDE guidance for programmatic reporting

Condition: As noted in finding 2025-001, the District recorded unsubstantiated adjustments to expenditures that could not be supported, which resulted in multiple disclaimed opinion units.

Cause: Incorrect programmatic allocations at the transaction level.

Effect: A material number of items were miscoded to the incorrect program

Recommendation: We recommend that management ensure that transactions are allocated to the correct program when the transactions when recorded.

Management response: Working with the business manager will ensure all stakeholders who have access to accounts will know the proper procedures when making requisitions and purchase orders that identify correct coding for accounting. This will also include working with CDE's Grants Management Office to establish correct procedures and new requirements for receiving grants.

2025-007 Violation of Legal or Contractual Provisions

Criteria: Governmental entities are required to restrict certain portions of fund balance when constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Condition: The District is in violation of legal and contractual provisions related to Capital Reserves. The Capital Projects Fund has a restriction of $253,700 related to requirements in the 2011 BEST Grant but a total fund balance of $8,381. The Capital Projects Fund does not have sufficient fund balance to meet these restrictions.

Cause: As described in finding 2025-003, the District did not timely record transactions it or reconcile bank accounts. This led to the District unknowingly spending down fund balance.

Effect: The District did not maintain the required restricted fund balance related to the 2011 BEST grant, resulting in noncompliance with the related legal and contractual provisions and increasing the risk that capital reserve requirements will not be met in future periods.

Recommendation: We recommend that Management develop a process to ensure the required minimum fund balance be maintained throughout the year.

Section II—Financial Statement Findings (continued)

Management response: This will begin with the creation of the 2025-2026 Budget. Using the Financial Policy and Procedures Manual- management will find and follow the rules in the manual and seek guidance from CDE representatives.

2025-008 Fund Balance Roll Forward

Criteria: As a part of the opening process for a governmental entity the government should ensure that opening balances agree to the prior year audit and accounting data from the governments previous year accounting system.

Condition: Ending funding balance in fiscal year 2024 did not agree to beginning fund balance in fiscal year 2025. The General Fund, Pupil Activities Fund, and Food Service Fund required material adjustments to fund balance in order to get beginning fund balance to agree with prior year ending fund balance.

Cause: The District did not timely roll forward its beginning balances. This led to a material amount of transactions being recorded in the prior year database and not in the current year.

Effect: The District made material entries to correct beginning balances in the current year and post the incorrectly posted transactions in the correct fiscal year.

Recommendation: We recommend that Management develop a process to ensure the prior period is closed timely and that the beginning balances that are rolled forward agree to the prior year ending balances.

Management response: Books have closed for 2024-2025. The district is moving to Aptafund for its accounting software. That process has been in progress since February 2026.

Section III—Findings and Questioned Costs for Federal Awards

2025-009 Reporting for Impact Aid

Federal program:	ALN 84.041	Impact Aid
Federal agency:		U.S. Department of Education
Pass-through entity:		NA

Criteria: As a grantee under Impact Aid (ALN 84.041), the District is required to submit an annual application to the U.S. Department of Education that is accurate and supported by underlying enrollment and financial records, in accordance with program regulations and 2 CFR 200.

Condition: The District submitted the required annual Impact Aid application; however, key data elements, including total membership enrolled in state-approved education programs for children with disabilities, did not agree to the underlying student membership and accounting records.

Cause: Controls to ensure the annual application is reconciled to the underlying accounting data do not exist.

Effect: Because the application was not reconciled to supporting records, the District cannot demonstrate that the membership data reported to the U.S. Department of Education were accurate, which could result in improper Impact Aid payment amounts.

Questioned costs: None noted.

Context: Testing was performed over the total population of required reports. Statistical sampling was not used.

Recommendation: Management should implement procedures to reconcile the annual application to the underlying accounting data.

Views of responsible officials and planned corrective action: Management agrees with this finding and is working on implementing an annual application reconciliation process as staffing allows.

ELLICOTT SCHOOL DISTRICT 22

Home of the Thunderhawks

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the El Paso County School District #22 Schedule of Findings and Questioned Costs for the year ended June 30, 2024. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2025 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

2024-001	NA	NA	Year-End Closing Procedures	Not Corrected. Reported as finding 2025-001. See page 9.
2024-002	NA	NA	Grant Reconciliations and Reimbursements	Not Corrected. Reported as finding 2025-002. See pages 9-10.
2024-003	NA	NA	Segregation of Duties	Corrected
2024-004	NA	NA	Bank Reconciliations	Not Corrected. Reported as finding 2025-003 See page 10.
2024-005	NA	NA	Payroll Processing	Not Corrected. Reported as finding 2025-004. See page 11.
2024-006	NA	NA	Accounts Payable and Accrued Liabilities	Not Corrected. Reported as finding 2025-005. See page 11.
2024-007	NA	NA	Programmatic Allocations	Not Corrected. Reported as finding 2025-006. See page 12.
2024-008	NA	NA	Payroll Tax and PERA Pension Remittance and Reporting	Corrected.

Finding Number	ALN Number	Program/ Cluster Title	Finding	Status of Finding
2024-009	NA	NA	Violation of Legal of Contractual Provisions	Not Corrected. Reported as finding 2025-007. See pages 12-13.

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2025

2025-001 Year-End Closing Procedures

Criteria: Year-end closing procedures should include a review of transactions at or near year-end to ensure activity is recorded in the correct accounting period. A closing process should be in place that requires all balance sheet and other significant accounts in each fund be reconciled to supporting schedules.

Condition: We noted that financial information included errors in certain balance sheet accounts and other significant accounts related to cash, prepaid items, accounts payable, payroll liabilities, capital assets, and expenditure allocations that warrant additional attention to monitoring and closing processes. Various balances in balance sheet and other significant accounts required material adjustments identified by the audit team and consultants that the District retained after field work started. The result was unsubstantiated adjustments of over $200,000 that could not be adequately supported by underlying documentation, contributing to the disclaimer of opinion on multiple opinion units.

Management Response and Planned Corrective Actions Criteria: The district has hired a business manager that will assist the district in developing a comprehensive year-end closing checklist, implement a monthly reconciliation process for all bank accounts and book accounts, which will be reviewed by the Business Manager and/or Superintendent and given to the Board of Education Monthly at its Regular Meetings.

The district will continue to provide office staff training and implementation of internal controls, to include but not limited to duty segregation and work flows. The scope of work will also include desk manuals with standard accounting procedures, that are aligned with GAAP requirements for governmental accounting.

Responsibility for Corrective Action: Chris Smith, Superintendent and Brittany Clark, Business Manager

Anticipated Completion Date: Summer 2026

2025-002 Grant Reconciliations and Reimbursements

Criteria: The District should maintain effective internal controls over federal and state grants, including periodic reconciliations of grant revenues, receivables, and deferred inflows to supporting schedules, in accordance with generally accepted accounting principles and 2 CFR 200.

Condition: Grant reconciliation procedures were not completed in a timely manner. Material adjustments were required in grants receivable, deferred revenue, revenue, and expenditures to record current-year reimbursement grant activity.

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2025 (CONTINUED)

2025-002 Grant Reconciliations and Reimbursements (Continued)

Management Response and Planned Corrective Actions Criteria: The district will implement a policy that any and all grants must be approved by building administration and the district office. When the district receives a grant, the submitter of the grant will be the main contact for providing the annual financial report. The district office will assign one person with the role of recording reconciliations and managing request for reimbursements and request for funds.

Responsibility for Corrective Action: Chris Smith, Superintendent and Brittany Clark, Business Manager

Anticipated Completion Date: Summer 2026

2025-003 Bank Reconciliations

Criteria: Bank accounts should be reconciled to the general ledger monthly, and reconciliations should be reviewed by someone independent of the preparation, consistent with sound internal control over cash.

Condition: Several material bank accounts were not adjusted throughout the year, requiring adjustments of over $200,000.

Management Response and Planned Corrective Actions Criteria: The district created a yearly checklist with monthly milestones that have multiple business office staff involved with reconciling bank accounts and using the resources School Finance Unit that will help to develop a specific- task orientated reconciliation process. To include monthly reconciliation meetings with the superintendent to prepare reporting methods to the Board of Education.

Responsibility for Corrective Action: Chris Smith, Superintendent and Brittany Clark, Business Manager

Anticipated Completion Date: Unknown

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2025 (CONTINUED)

2025-004 Payroll Processing

Criteria: Once contracts are finalized, they should be entered into the payroll system and reviewed for accuracy.

Condition: During payroll testing we selected 40 employees and we noted that there were 13 instances where the contract could not be found as well as 3 instances where the signature was not obtained on a contract.

Management Response and Planned Corrective Actions Criteria: The district will create a yearly checklist with monthly milestones that have multiple business office staff involved with preparing the monthly payroll. The leadership will work with the HR and BM positions to create solid on-boarding tasks and contract verification processes. Monthly HR reports will be prepared to present to the Board of Education.

Responsibility for Corrective Action: Chris Smith, Superintendent and Brittany Clark, Business Manager

Anticipated Completion Date: Summer 2026

2025-005 Accounts Payable and Accrued Liabilities

Criteria: Accounts payable and various accrued liabilities should be adjusted and reviewed on a regular basis.

Condition: We noted that the District did not accurately calculate or record accrued liabilities requiring material audit adjustments to accounts payable and other accrued liabilities.

Management Response and Planned Corrective Actions Criteria: The district will work with the business manager to establish a comprehensive liability reconciliation process that aligns with accounts payable and accrued liabilities that are in compliance with the auditors findings.

Responsibility for Corrective Action: Chris Smith, Superintendent and Brittany Clark, Business Manager

Anticipated Completion Date: Summer 2026

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2025 (CONTINUED)

2025-006 Programmatic Allocations

Criteria: The CDE Chart of Accounts outlines a reporting structure that allows for expenditures to be allocated programmatically within each fund. Colorado school districts are required to use the CDE Chart of Accounts per C.R.S. and CDE guidance for programmatic reporting.

Condition: As noted in finding 2025-001, the District recorded unsubstantiated adjustments to expenditures that could not be supported, which resulted in multiple disclaimed opinion units.

Management Response and Planned Corrective Actions Criteria: Working with the business manager will ensure all stakeholders who have access to accounts will know the proper procedures when making requisitions and purchase orders that identify correct coding for accounting. This will also include working with CDE's Grants Management Office to establish correct procedures and new requirements for receiving grants.

Responsibility for Corrective Action: Chris Smith, Superintendent and Brittany Clark, Business Manager

Anticipated Completion Date: Summer 2026

2025-007 Violation of Legal or Contractual Provisions

Criteria: Governmental entities are required to restrict certain portions of fund balance when constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Condition: The District is in violation of legal and contractual provisions related to Capital Reserves. The Capital Projects Fund has a restriction of $253,700 related to requirements in the 2011 BEST Grant but a total fund balance of $8,381. The Capital Projects Fund does not have sufficient fund balance to meet these restrictions.

Management Response and Planned Corrective Actions Criteria: This will begin with the creation of the 2025-2026 Budget. Using the Financial Policy and Procedures Manual- management will find and follow the rules in the manual and seek guidance from CDE representatives.

Responsibility for Corrective Action: Chris Smith, Superintendent and Brittany Clark, Business Manager

Anticipated Completion Date: Fall 2026

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2025 (CONTINUED)

2025-008 Fund Balance Roll Forward

Criteria: As a part of the opening process for a governmental entity the government should ensure that opening balances agree to the prior year audit and accounting data from the governments previous year accounting system.

Condition: Ending funding balance in fiscal year 2024 did not agree to beginning fund balance in fiscal year 2025. The General Fund, Pupil Activities Fund, and Food Service Fund required material adjustments to fund balance in order to get beginning fund balance to agree with prior year ending fund balance.

Management Response and Planned Corrective Actions Criteria: Books have closed for 2024-2025. The district is moving to Aptafund for its accounting software. That process has been in progress since February 2026.

Responsibility for Corrective Action: Chris Smith, Superintendent and Brittany Clark, Business Manager

Anticipated Completion Date: Summer 2026

2025-009 Reporting for Impact Aid

Federal program:	ALN 84.041	Impact Aid
Federal agency:		U.S. Department of Education
Pass-through entity:		NA

Criteria: As a grantee under Impact Aid (ALN 84.041), the District is required to submit an annual application to the U.S. Department of Education that is accurate and supported by underlying enrollment and financial records, in accordance with program regulations and 2 CFR 200.

Condition: The District submitted the required annual Impact Aid application; however, key data elements, including total membership enrolled in state-approved education programs for children with disabilities, did not agree to the underlying student membership and accounting records.

Management Response and Planned Corrective Actions Criteria: Management agrees with this finding and is working on implementing an annual application reconciliation process as staffing allows.

Responsibility for Corrective Action: Chris Smith, Superintendent and Brittany Clark, Business Manager

Anticipated Completion Date: Summer 2026