WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2

SINGLE AUDIT REPORTS

For the Year Ended June 30, 2025

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Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Woodland Park School District Number RE-2

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

Opinion

We have audited the schedule of expenditures of federal awards of Woodland Park School District Number RE-2 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 Woodland Park School District Number RE-2 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 Woodland Park School District Number RE-2 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

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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 Woodland Park School District Number RE-2'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
July 1, 2026

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
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	Total Federal Expenditures
U.S. Department of Agriculture					
Child Nutrition Cluster					
Passed Through Colorado Department of Education					
School Breakfast Program (SBP)	10.553		4553	$ -	$ 156,639
National School Lunch Program	10.555		4555		454,369
Passed Through Colorado Department of Human Services					
National School Lunch Program	10.555		4555		31,875
Total Child Nutrition Cluster					642,883
Forest Service Schools and Roads Cluster					
Passed Through Teller County, Colorado					
Schools and Roads - Grants to States	10.665		7665		20,635
Total Forest Service Schools and Roads Cluster					20,635
Total U.S. Department of Agriculture					663,518
U.S. Department of Education					
Passed Through Colorado Department of Education					
Title I Grants to Local Educational Agencies	84.010		4010, 8010		415,615
Supporting Effective Instruction State Grant	84.367		4367		42,616
Student Support and Academic Enrichment Program	84.424A		4424		41,012
Total U.S. Department of Education				-	499,243
Total Federal Awards				$ -	$ 1,162,761

See the accompanying independent auditors' report.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
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 Woodland Park School District Number RE-2 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 Woodland Park School District Number RE-2, it is not intended to and does not present the financial position, changes in net position, or cash flows of Woodland Park School District Number RE-2.

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.

NOTE 3 – INDIRECT COST RATE

Woodland Park School District Number RE-2 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, Woodland Park School District Number RE-2 received $31,875 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
Woodland Park School District Number RE-2

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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Woodland Park School District Number RE-2, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Woodland Park School District Number RE-2's basic financial statements. Our report thereon, dated April 27, 2026, expressed an unmodified opinion on the Discretely Presented Component Unit and a disclaimer of opinion over the Governmental Activities, General Fund, Designated Purpose Grants Fund, Capital Projects Fund, and Aggregate Remaining Fund Information. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the component unit.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Woodland Park School District Number RE-2'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 Woodland Park School District Number RE-2's internal control. Accordingly, we do not express an opinion on the effectiveness of Woodland Park School District Number RE-2'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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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, 2025-003, 2025-004, 2025-005, 2025-006, 2025-007, 2025-008, 2025-009, 2025-010, 2025-011, 2025-013, and 2025-014 to be material weaknesses.

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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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-002, and 2025-012 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodland Park School District Number RE-2'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2025-009.

Woodland Park School District Number RE-2's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Woodland Park School District Number RE-2's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Woodland Park School District Number RE-2'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
July 1, 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
Woodland Park School District Number RE-2

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Woodland Park School District Number RE-2'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 Woodland Park School District Number RE-2's major federal programs for the year ended June 30, 2025. Woodland Park School District Number RE-2'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, Woodland Park School District Number RE-2 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 Woodland Park School District Number RE-2 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 Woodland Park School District Number RE-2'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 Woodland Park School District Number RE-2's federal programs.

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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 Woodland Park School District Number RE-2'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 Woodland Park School District Number RE-2'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 Woodland Park School District Number RE-2'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 Woodland Park School District Number RE-2'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 Woodland Park School District Number RE-2'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 2025-015. 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 Woodland Park School District Number RE-2's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Woodland Park School District Number RE-2'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 2025-015 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 Woodland Park School District Number RE-2's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Woodland Park School District Number RE-2'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
July 1, 2026

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

<u>Section I—Summary of Auditors' Results</u>

Financial Statements

Type of auditors' report issued:	Governmental Activities, General Fund, Designated Purpose Grants Fund, Capital Projects Fund, Aggregate Remaining Fund Information – Disclaimer; Discretely Presented Component Unit – Unmodified opinion.
Internal control over financial reporting:	
• Material weakness(es) identified?	_x_ yes ___ no
• Significant deficiency(ies) identified?	_x_ yes ___ none reported
Noncompliance material to financial statements noted?	_x_ yes ___ 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:

Assistance Listing Number(s)	Name of Federal Program or Cluster
ALN 10.553, 10.555	Child Nutrition Cluster

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: The District should maintain a system of internal control over financial reporting that provides for the timely and accurate recording, reconciliation, review, and adjustment of financial activity throughout the year and as part of the year-end close. Effective year-end closing procedures should require management to reconcile significant balance sheet, revenue, and expenditure accounts to supporting documentation, review proposed entries and classifications, and prepare auditable financial records in a timely manner before the start of audit fieldwork.

Condition: The District did not close its books in a timely or accurate manner. Auditable records were not provided to the auditors until mid-February 2026, and the audit was further delayed because management was unable to provide requested information necessary to perform audit procedures on a timely basis. During the audit, numerous material errors and unsupported balances were identified across assets, liabilities, fund balance, revenues, expenditures, interfund activity, grant activity, payroll-related liabilities, receivables, transfers, and cash accounts. In addition, a substantial number of adjusting entries were recorded during the audit process, including numerous "plug" entries used to force unsupported or unreconciled balances to adjusted amounts when sufficient supporting documentation was not available. We noted 27 plug-related adjusting journal entries spanning multiple funds and account classes with an aggregate, material, amount. These matters contributed to the disclaimer of opinion on the financial statements.

Cause: The District did not have adequate year-end closing procedures, reconciliations, supervisory review, or sufficiently trained accounting personnel in place to prepare complete and auditable financial records prior to audit fieldwork. Although staffing turnover was noted in the prior year, the current-year results indicate that management still lacked the processes, oversight, and technical accounting support necessary to analyze balances, resolve reconciling items, and independently review significant accounts before the audit began.

Effect: The District's failure to implement effective year-end closing procedures resulted in material misstatements and unsupported balances throughout the accounting records and significantly delayed completion of the audit. Because significant balances could not be timely reconciled or supported, the auditors were required to propose and review numerous adjustments during the audit, including plug entries affecting multiple funds and financial statement captions. These conditions were material and pervasive and contributed to the auditors' disclaimer of opinion on the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information.

Section II—Financial Statement Findings (continued)

Recommendation: The District should immediately design and implement a formal year-end close process that includes a detailed closing calendar with assigned responsibilities and deadlines, requires monthly and year-end reconciliations for all cash, receivable, payable, payroll, grant, interfund, deferred inflow, revenue, lease, SBITA, and fund balance accounts, and incorporate a documented supervisory review of all significant reconciliations, journal entries, and account analyses so that all material balances are supported by underlying documentation before audit fieldwork begins; in addition, the District should ensure it has sufficient qualified accounting leadership and technical resources to prepare GAAP-compliant financial information, resolve complex accounting matters on a timely basis, and report progress on reconciliations and close status to those charged with governance.

Management response: Management agrees with this finding. The District will develop a documented year-end closing calendar that assigns responsibilities and deadlines for significant accounts and will work toward consistent monthly and year-end reconciliations of material balance sheet, revenue, and expenditure accounts, including cash, receivables, payables, payroll liabilities, grants, interfund activity, deferred inflows, leases, SBITAs, and fund balance, each supported by underlying documentation and subject to supervisory review. The District has already pursued, and will continue to pursue, training for existing accounting staff and, where appropriate, supplement internal resources with outside technical accounting support for complex matters. The District anticipates this will be a multi-year effort and will report progress on reconciliations and close status to those charged with governance on a recurring basis.

2025-002 District Travel Policy

Criteria: The District has a policy titled "Expense Authorization/Reimbursement (Mileage and Travel)" which states that actual costs for meals, lodging, and other allowable expenses shall be reimbursed only to the extent they are reasonable and do not exceed the per diem limits established by the Internal Revenue Service. The District's system of internal control should ensure that all travel costs are properly authorized, documented, and reviewed in accordance with this policy, including sufficient support to identify who traveled, where the travel occurred, and the purpose of the travel.

Condition: The District has made progress in improving travel documentation and oversight, but controls are not yet operating consistently. In the second half of fiscal year 2025, management began requiring documentation that identifies who attended, where the travel occurred, and why the travel was necessary, and an employee was designated to manage travel starting in fiscal year 2026. However, during our review of a sample of travel charges for fiscal year 2025, we noted that while documentation generally described the location and purpose of the travel and reflected appropriate approvals, it did not consistently identify the specific individuals who attended the trainings. In addition the District was still in the process of updating its written travel procedures and had not finalized a comprehensive written policy that fully reflects current expectations for documentation, authorization, and adherence to IRS per diem limits as of year-end.

Section II—Financial Statement Findings (continued)

Cause: Historically, the business services department did not maintain the District's travel policy and current IRS per diem limits readily available when processing and reviewing travel expenditures, and there was no standardized checklist or form requiring staff to document all key elements of a trip (who, where, why, dates, and cost limits). Although responsibilities for managing travel have been assigned and expectations have been communicated, the related procedures and forms had not yet been fully formalized or consistently implemented.

Effect: Because travel documentation does not consistently identify all required elements and written procedures had not been fully updated and implemented, there remains a risk that travel expenditures may not fully comply with District policy or IRS per diem limits and that inappropriate, non-business, or excessive travel costs may not be prevented or detected in a timely manner. While the improvements observed reduce this risk compared to the prior year, the control environment over travel is not yet strong enough to provide adequate assurance that all travel expenditures are reasonable, properly authorized, and supported.

Recommendation: The District should finalize and formally adopt comprehensive written travel procedures and, if necessary, update the existing travel policy to clearly specify required documentation (including traveler names, travel dates, locations, purpose, and appropriate approvals), IRS per diem limits, and review responsibilities. Management should require the use of a standardized travel request and reimbursement form or checklist that captures all required elements for every trip and should implement a review process, performed by the designated travel manager or business services staff, to verify that each travel transaction includes complete documentation and complies with policy and IRS limits before reimbursement or payment is processed. The District should also provide training to all staff involved in initiating, approving, and processing travel to ensure consistent understanding and application of the policy.

Management response: Management agrees with this finding. The District will finalize and formally adopt comprehensive written travel procedures and, where needed, update the existing travel policy to specify required documentation, including traveler names, travel dates, locations, purpose, and appropriate approvals, along with applicable IRS per diem limits and review responsibilities. The District will adopt a standardized travel request and reimbursement form or checklist capturing all required elements for each trip, and the designated travel manager will review travel transactions for complete documentation and compliance before reimbursement is processed. The District will also provide training to staff involved in initiating, approving, and processing travel. This builds on improvements already underway during fiscal year 2025, and management expects these controls to operate more consistently over the coming year.

Section II—Financial Statement Findings (continued)

2025-003 Grant Accounting

Criteria: As a local government that receives local, state, and federal grant awards, the District is required to account for these awards in a timely and detailed manner throughout the year. The Colorado Department of Education (CDE) requires districts to account for grant revenues, expenditures, receivables, payables, and deferred revenues using distinct coding in accordance with the CDE Chart of Accounts and Financial Policies and Procedures (FPP) manual. Districts are also required to timely reconcile grant activity to the CDE Federal Data Warehouse (FDW) and to ensure that grant revenues and expenditures are properly recorded, reconciled, and balanced at year-end.

Condition: Grant accounting processes were not operating effectively during the year. Grant expenditures were being recorded in the District's accounting records; however, related revenues were not consistently recorded on a timely basis, reimbursement requests were not routinely prepared and submitted, and grant awards were not regularly reconciled to supporting records or to state and federal reporting systems. As a result, grants did not reliably balance with respect to revenues, expenditures, and related receivables and deferred inflows at points during the year and as of year-end.

Cause: While the District has filled the grant accounting position, the grant accounting function has not yet been fully developed to meet the complexity and volume of the District's grant activity. Clear, comprehensive written procedures, training, and supervisory review over grant accounting including the recording of revenues, interfund activity, reimbursement requests, and periodic reconciliations have not been fully established or consistently implemented.

Effect: Prior to audit adjustments, grant revenues, expenditures, and related receivables and deferred inflows were materially misstated. The failure to record grant revenues and reimbursement requests on a timely basis, and to reconcile grant activity to FDW and other supporting documentation, increases the risk of misstated financial statements, delayed or missed grant reimbursements, noncompliance with grant terms and state reporting requirements, and potential loss of funding. The extent of the audit work required to identify and correct grant-related misstatements, as described in the communication to the Board, indicates that the weakness in grant accounting is material to the financial statements and contributes to the overall deficiencies in year-end closing and reporting.

Recommendation: The District should further strengthen its grant accounting function by clarifying roles and expectations for staff involved in grant processing and by formalizing practical written procedures for recording grant revenues, interfund activity, reimbursement requests, and periodic reconciliations to the general ledger and state and federal reports. Management should provide targeted training and periodic oversight to help ensure that these procedures are followed consistently throughout the year and that grant awards are accurately reflected in the financial records at year-end.

Section II—Financial Statement Findings (continued)

Management response: Management agrees with this finding. The District will strengthen its grant accounting function by clarifying the roles and expectations of staff involved in grant processing and by formalizing written procedures for recording grant revenues, interfund activity, and reimbursement requests, and for performing periodic reconciliations to the general ledger and to state and federal reports, including the CDE Federal Data Warehouse. The District will provide targeted training and establish periodic supervisory review to help ensure procedures are followed consistently throughout the year and that grant awards are accurately reflected at year-end. The grant accounting function is still developing relative to the volume and complexity of the District's grant activity, and management is committed to building this capacity steadily.

2025-004 Bank Reconciliations

Criteria: An effective system of internal control over cash requires that all bank and investment accounts be reconciled to the general ledger on a timely basis throughout the year. Reconciliations should be complete, accurate, and prepared regularly, and they should be reviewed and approved by an appropriate official, typically the CFO or another member of financial management, to ensure that cash balances are correct and that any discrepancies are promptly investigated and resolved.

Condition: Bank reconciliation procedures were not operating effectively during the year. Bank accounts were not reconciled on a timely, periodic basis during the year, and reconciliations were not brought current until audit fieldwork began. As a part of the audit, significant and material entries were required to correct recorded cash balances to agree to reconciled amounts.

Cause: Although the District has taken steps to obtain assistance with bank reconciliations, it has not yet established and consistently followed a formal process that clearly assigns responsibility, sets deadlines, and provides for supervisory review of all bank and investment reconciliations. Turnover and staffing gaps in the business services department contributed to reconciliations being delayed and not prioritized, and oversight did not ensure that cash accounts were reconciled and reviewed on a monthly basis.

Effect: Without timely and accurate bank reconciliations, there is a heightened risk that errors, unauthorized transactions, or other irregularities in cash accounts may not be detected and corrected promptly. The need for material audit adjustments to correct recorded cash balances demonstrates that the weakness in bank reconciliation procedures had a material effect on the accuracy of the District’s financial records and increases the risk of misstatement of the financial statements.

Section II—Financial Statement Findings (continued)

Recommendation: The District should implement a formal monthly bank reconciliation process for all bank and investment accounts that includes specific timelines, clearly assigned preparers, and documented supervisory review and approval. Management should ensure that reconciliations are prepared promptly after each month-end, that all reconciling items are resolved on a timely basis, and that the reconciled balances are agreed to the general ledger. The District should continue to use external support as needed in the short term, but should also develop internal capacity and procedures to sustain timely, accurate reconciliations and reviews on an ongoing basis.

Management response: Management agrees with this finding. The District acknowledges that bank and investment accounts were not reconciled on a timely, periodic basis for the majority of the year under review and that material audit adjustments were required to correct recorded cash balances. During fiscal year 2026, the District began implementing a formal monthly reconciliation process for all bank and investment accounts, that establishes specific timelines, clearly assigns preparers, and documented supervisory review and approval. Management's objective is that reconciliations are prepared promptly after each month-end, that reconciling items are resolved on a timely basis, and that reconciled balances are agreed to the general ledger. The District expects to use external support as needed in the near term while sustaining internal capacity to maintain timely, accurate reconciliations going forward.

2025-005 Pupil Activities

Criteria: School districts typically use a Pupil Activity Fund to account for student activities such as clubs, sports, and other school-sponsored events. An effective system of internal control requires that activity at the school level be periodically reconciled and recorded in the District's general ledger so that the Pupil Activity Fund financial statements are complete and accurate.

Condition: During the year pupil activity transactions were not recorded in the District's general ledger on a timely and consistent basis. While school-level pupil activity accounts were being reconciled during the year, most of the related revenues and expenditures had not been posted to the District's accounting system, and activity processed through third-party payment processors (such as online payment platforms for pupil activities and related fees) had also not been recorded in the general ledger. As a result, the Pupil Activity Fund totals in the general ledger did not reflect actual activity occurring at the schools.

Cause: The District has not fully implemented procedures to ensure that reconciled school-level pupil activity information and activity from payment processors are routinely summarized and posted to the general ledger. Responsibilities and timelines for updating the Pupil Activity Fund in the District's accounting system have not been clearly defined or consistently followed.

Section II—Financial Statement Findings (continued)

Effect: Because pupil activity transactions and related third-party payment processor activity were not recorded in the general ledger until well after year-end, the District's accounting records did not provide timely or reliable information about the Pupil Activity Fund during the year or at the time of the initial close. Although pupil activity data was eventually brought into the accounting software prior to the conclusion of audit fieldwork, the extent of late postings and the overall weaknesses in the year-end closing process contributed to the auditors' inability to obtain sufficient appropriate evidence to support an opinion on the financial statements. As a result, the precise impact of these conditions on the Pupil Activity Fund and the District's financial statements as a whole could not be determined.

Recommendation: The District should finalize and implement procedures requiring that reconciled school-level pupil activity balances and all related payment processor activity be summarized and posted to the general ledger on a regular basis (for example, monthly or at least quarterly). These procedures should clearly assign responsibility for preparing and reviewing the entries and should include a reconciliation between school-level records, payment processor reports, and the general ledger to ensure that the Pupil Activity Fund is complete and accurate at year-end.

Management response: Management agrees with this finding. The District acknowledges that pupil activity transactions, including activity processed through third-party payment processors, were not recorded in the general ledger on a timely and consistent basis during the year, and that general ledger totals for the Pupil Activity Fund did not reflect actual activity occurring at the schools during the year or at initial close. The District is in the final stages of implementing its Enterprise Resource Planning System together with the continuing the implement procedures requiring that reconciled school-level pupil activity balances and all related payment processor activity be summarized and posted to the general ledger on a regular basis, at least quarterly and monthly where practical. These procedures will clearly assign responsibility for preparing and reviewing the entries and will include a reconciliation among school-level records, payment processor reports, and the general ledger so that the Pupil Activity Fund is complete and accurate at year-end. The District expects to refine these procedures over the coming year as part of its broader work to strengthen year-end close and reconciliation processes.

2025-006 BOCES Flow Through Activity

Criteria: School districts that participate in a board of cooperative educational services (BOCES) are responsible for recording and monitoring all flow-through activity related to funds received from the BOCES. Effective internal control requires that BOCES revenues and related transactions be recorded accurately and timely in the accounting records and that this activity be reconciled and reviewed by an appropriate official.

Section II—Financial Statement Findings (continued)

Condition: During the year the District again did not correctly record BOCES flow-through revenue. Amounts received from Ute Pass BOCES were not properly reflected in the general ledger during the year or as part of the initial year-end close, and corrections were required as part of the audit process. There has been no meaningful improvement in the District's processes for identifying, recording, and reviewing BOCES flow-through activity compared to the prior year.

Cause: The District has not yet implemented effective procedures and oversight for accounting for BOCES activity. Responsibilities for tracking and recording BOCES revenues and related grant activity remain unclear or are not being performed consistently, and the controls over grant and intergovernmental revenues described in the grant accounting finding have not been extended effectively to BOCES flow-through transactions.

Effect: Because BOCES flow-through revenues were not recorded correctly and timely, the District's revenue and related balances were misstated prior to audit adjustments. This increases the risk that BOCES-related activity may not be properly reflected in the financial statements and that errors or omissions in these revenues will not be detected and corrected on a timely basis.

Recommendation: The District should establish and document specific procedures for accounting for BOCES flow-through activity, including how BOCES payments and supporting schedules will be obtained, reviewed, recorded in the general ledger, and reconciled. Responsibilities for these procedures should be clearly assigned, and an appropriate official should review BOCES revenue postings and reconciliations to ensure that all amounts are recorded accurately and timely.

Management response: Management agrees with this finding. The District acknowledges that BOCES flow-through revenue received from Ute Pass BOCES was not properly recorded in the general ledger during the year or at initial close, that corrections were required during the audit, and that processes in this area did not improve meaningfully over the prior year. The District will establish and document specific procedures for accounting for BOCES flow-through activity, including how BOCES payments and supporting schedules will be obtained, reviewed, recorded in the general ledger, and reconciled. Responsibilities for these procedures will be clearly assigned, and an appropriate official will review BOCES revenue postings and reconciliations to confirm that amounts are recorded accurately and timely. The District will extend the broader improvements to grant and intergovernmental revenue controls described in its response to the grant accounting finding to BOCES flow-through transactions so that these revenues are captured consistently throughout the year.

<u>Section II—Financial Statement Findings (continued)</u>

2025-007 Component Unit Accounting

Criteria: The District has one discretely presented component unit, Merit Academy, a charter school authorized by the District that receives significant flow-through funding. Proper internal controls over component unit accounting should ensure that all transactions between the District and Merit Academy are accurately and timely recorded, regularly reconciled, and supported by agreed schedules and true-up documentation, so that both entities' records are consistent and complete.

Condition: During the year controls over component unit accounting were not operating effectively and the condition worsened compared to the prior year. The District and Merit Academy did not reach agreement on a final true-up of flow-through funding and related activity until well after the statutory deadline, and the District did not timely record accruals and other adjustments necessary to reflect the final agreed-upon amounts in its general ledger. As a result, a large and complex audit adjustment was required to bring the District's records into agreement with the component unit true-up.

Cause: The District has not yet developed and implemented a robust process for managing and reconciling component unit activity. Responsibilities, timelines, and procedures for coordinating with Merit Academy, preparing and reviewing true-up schedules, and recording related entries in the District's general ledger are not clearly defined or consistently followed. In addition, staffing changes and capacity constraints within the finance function have contributed to delays in addressing complex component unit accounting issues.

Effect: Because the District did not timely reconcile and record component unit activity, the general ledger did not agree to the final reconciliations with Merit Academy and did not initially reflect the proper accruals and allocations. This resulted in significant audit adjustments and contributed to the overall risk that the District's financial statements were materially misstated prior to audit correction.

Recommendation: The District should formalize a process for component unit accounting that includes clearly defined roles and deadlines for coordinating with Merit Academy, preparing and agreeing upon true-up schedules, and recording related entries in the District's general ledger. This process should require periodic interim reconciliations during the year, a comprehensive reconciliation and true-up completed in advance of statutory reporting deadlines, and documented review by an appropriate member of management. The District should also ensure that finance staff responsible for this area receive appropriate guidance and support so they can understand and apply the applicable funding formulas, agreements, and accounting requirements.

Section II—Financial Statement Findings (continued)

Management response: Management agrees that the District's general ledger should have reflected the final agreed-upon component unit amounts on a more timely basis, and that the audit adjustment required to do so was significant. At the same time, management notes that an accurate and timely true-up of flow-through funding is necessarily a coordinated process between the District and Merit Academy. Final amounts cannot be recorded until reconciliations are mutually agreed and supporting schedules are finalized by both parties. The timing of finalized information affected the District's ability to record final accruals and adjustments before the statutory deadline. Management raises this not to diminish its own responsibility, but because a sustainable solution depends on a clearly defined, jointly observed process and timeline. To strengthen the elements within the District's control, the District will formalize a component unit accounting process that includes clearly defined roles and internal deadlines, periodic interim reconciliations during the year rather than a single year-end true-up, and documented management review of related entries. Management will ensure that responsible finance staff have the guidance and support needed to apply the relevant funding formulas, agreements, and accounting requirements. Because the true-up is inherently a two-party process, full and durable remediation of this finding will also depend on the timely cooperation of Merit Academy. The District will seek to establish, in coordination with Merit Academy, mutually agreed milestones and information-exchange deadlines in advance of statutory reporting dates, along with a schedule for interim reconciliations during the year. Management will document its requests for and the timeliness of this coordination so that responsibility for meeting agreed deadlines is clear to both parties and to those charged with governance. With this cooperation in place, the District is confident the conditions underlying this finding can be substantially resolved.

2025-008 Journal Entries

Criteria: During the normal course of business, organizations record manual journal entries to accomplish a variety of tasks, such as correcting errors, recording accruals, and posting nonroutine transactions. Because manual journal entries can be posted to any account and are often outside automated modules and workflows, they present elevated risk of error and fraud. Effective internal control requires that manual journal entries be properly initiated, supported, reviewed, and approved to ensure that they are necessary, accurate, and appropriately documented.

Condition: During the year controls over manual journal entries continued to be weak. While there were some improvements in documentation compared to the prior year, the District still recorded numerous manual entries that were not supported by complete explanations, lacked sufficient underlying documentation, or were posted without evidence of adequate review. During the audit, significant effort was again required to analyze, correct, or reverse manual entries affecting beginning balances and current-year activity in multiple funds in order to arrive at materially accurate financial information.

Section II—Financial Statement Findings (continued)

Cause: The District has not fully implemented a structured process and consistent expectations for the preparation, documentation, and review of manual journal entries. Roles and responsibilities for initiating and approving entries are not clearly defined or consistently followed, and staff responsible for posting entries do not yet have a sufficiently robust framework of guidance, training, and oversight to ensure that complex or high-risk entries are properly supported and reviewed before posting.

Effect: Weaknesses in the design and operation of controls over manual journal entries increase the risk that errors, unsupported adjustments, or inappropriate entries may be recorded and not detected or corrected on a timely basis. The level of audit work required to evaluate and correct manual entries, including those affecting beginning equity and key revenue and expenditure accounts, indicates that these control deficiencies contributed to the risk of material misstatement of the District's financial statements.

Recommendation: The District should formalize and enforce a journal entry policy that establishes clear requirements for the preparation, documentation, and approval of manual entries. At a minimum, each manual entry should include a description of the purpose of the entry, references to supporting documentation, identification of the preparer and date prepared, and documented approval by an appropriate reviewer prior to posting. The policy should also identify categories of higher-risk entries (such as those affecting beginning balances, fund balance, or large interfund transactions) that require enhanced review and approval by senior finance personnel. Training should be provided to staff involved in preparing and posting entries to ensure consistent understanding and application of these requirements.

Management response: Management agrees with this finding. The District acknowledges that controls over manual journal entries were weak for much of the year, that numerous entries lacked complete explanations, sufficient supporting documentation, or evidence of adequate review, and that significant audit effort was required to analyze and correct manual entries affecting multiple funds. During the latter part of fiscal year 2026, the District began implementing a formal journal entry policy that establishes requirements for the preparation, documentation, and approval of manual entries, including a description of each entry's purpose, references to supporting documentation, identification of the preparer and date prepared, and documented approval by an appropriate reviewer prior to posting. Management will reinforce these requirements through training for staff involved in preparing and posting entries and expects the policy to operate consistently as it becomes fully established over the coming year.

2025-009 State and Federal Grant Reporting to CDE

Criteria: The Colorado Department of Education (CDE) issues multiple state and federal flow-through grants to school districts. An effective system of internal control requires that all required grant reports to CDE be prepared accurately, agree to the District's accounting records, and be submitted within prescribed deadlines, so that CDE can monitor compliance and funding usage appropriately.

Section II—Financial Statement Findings (continued)

Condition: For the year ended June 30, 2025, the District continued to experience significant weaknesses in its state and federal grant reporting to CDE. Required reports for certain CDE-administered grants were not submitted in accordance with established timelines, and reporting processes were not operating at a level that would ensure complete and accurate information at year-end. While the District began working to bring CDE grant reporting more current subsequent to year-end, these efforts occurred after required reporting dates and did not prevent delays and gaps in grant reporting during the year.

Cause: The District has not yet established and consistently implemented a structured grant reporting process that links grant accounting to CDE reporting requirements. Responsibilities and timelines for preparing, reviewing, and submitting CDE grant reports are not clearly defined or consistently followed, and the overall grant accounting and reconciliation issues noted elsewhere have not been fully addressed in a way that supports accurate, timely external reporting.

Effect: Because required CDE grant reports were not completed and submitted in a timely and fully reliable manner, there is an increased risk that state and federal grant information reported to CDE is incomplete, inaccurate, or inconsistent with the District’s financial records. This condition represents a continuing material weakness in internal control over grant reporting and reflects noncompliance with CDE reporting requirements, which could affect the District’s standing with grantor agencies and the reliability of reported grant data.

Recommendation: The District should develop and implement a formal calendar and procedures for state and federal grant reporting to CDE that clearly identify each required report, its due date, the responsible preparer, and the required review and approval steps. These procedures should be integrated with the District’s grant accounting and reconciliation processes so that reports are prepared from reconciled grant records and are submitted by the applicable deadlines. Management should provide training and ongoing oversight to ensure that reporting responsibilities are understood and that CDE grant reports are consistently complete, accurate, and timely.

Management response: Management agrees with this finding. The District acknowledges that certain required reports for CDE-administered grants were not submitted within established timelines, that reporting processes were not operating at a level that ensured complete and accurate information at year-end, and that efforts to bring CDE reporting current occurred after the required reporting dates. The District is in the process of developing and implementing a formal calendar and procedures for state and federal grant reporting to CDE that identify each required report, its due date, the responsible preparer, and the required review and approval steps. These procedures will be integrated with the District's grant accounting and reconciliation processes, as described in the District's response to the grant accounting finding, so that reports are prepared from reconciled grant records and submitted by the applicable deadlines. Management will provide training and ongoing oversight so that reporting responsibilities are understood and that CDE grant reports are consistently complete, accurate, and timely. This reporting function is closely tied to the broader grant accounting capacity the District is continuing to build, and management expects timeliness and accuracy to improve as those underlying processes mature.

Section II—Financial Statement Findings (continued)

2025-010 Sales Tax Accounting

Criteria: Until mid-year, the District was party to an intergovernmental agreement (IGA) with the City of Woodland Park under which it received a portion of sales tax revenue. An effective system of internal control requires that, for as long as such an agreement is in effect, the District accurately and timely records and reconciles all related sales tax revenues and receivables, including appropriate accruals and reversals when the agreement is modified or rescinded.

Condition: The City rescinded the IGA partway through the fiscal year, and the District began adjusting its accounting to reflect the change in sales tax funding. The District appears to have made progress in improving the recording and reconciliation of sales tax revenues and related accruals around this transition. However, due to the broader limitations that led to a disclaimer of opinion on the financial statements, the audit did not include sufficient detailed testing of sales tax activity both before and after the rescission of the IGA to determine whether prior-year issues related to sales tax accruals and reversals have been fully corrected.

Cause: While the District has taken steps to strengthen procedures and to respond to the mid-year rescission of the IGA, it has not yet demonstrated, through consistently documented reconciliations and reviews, that sales tax revenues and related accruals are being accounted for under a stable, well-defined process that can be fully tested.

Effect: Because sufficient procedures could not be performed specifically on sales tax revenues and related receivables during a year of structural change in the underlying agreement, it could not be determined whether balances related to sales tax were free of material misstatement or whether the prior-year control deficiency in this area has been fully remediated.

Recommendation: The District should develop and document procedures for accounting for revenue streams arising from intergovernmental agreements (IGAs), including any future arrangements similar to the prior sales tax IGA with the City. These procedures should address how revenue and related receivables will be recorded, how accruals and reversals will be handled when an IGA is initiated, modified, or rescinded, and how periodic reconciliations to supporting reports from the other government will be performed and reviewed. Establishing this framework in advance will help ensure that any future IGA-related revenues are accounted for accurately and consistently and that the operation of related controls can be demonstrated in subsequent audits.

Section II—Financial Statement Findings (continued)

Management response: Management agrees with this finding. The District acknowledges that, during a year in which the sales tax IGA with the City of Woodland Park was rescinded mid-year, did not demonstrate consistently documented reconciliations and reviews that sales tax revenues and related accruals are accounted for under a stable, fully testable process. In the event that a sales tax is restored, the District will develop and document procedures for accounting for revenue streams arising from intergovernmental agreements, including any future arrangements similar to the prior sales tax IGA. These procedures will address how revenue and related receivables are recorded, how accruals and reversals are handled when an IGA is initiated, modified, or rescinded, and how periodic reconciliations to supporting reports from the other government are performed and reviewed. Establishing this framework in advance will help ensure that any future IGA-related revenues are accounted for accurately and consistently and that the operation of related controls can be demonstrated in subsequent audits.

2025-011 Accounting For Investment Revenue

Criteria: Effective internal control over investment revenue, such as interest income from bank and investment accounts, requires that all amounts earned and received be recorded accurately and in a timely manner, and that these revenues be reconciled to bank and investment statements as part of the regular reconciliation process.

Condition: During the year investment revenue was not recorded consistently during the year, primarily because bank and investment reconciliations, including those for external investment pools, were not completed on a timely basis. As of late in the year, interest earnings from certain investment accounts had not yet been posted to the general ledger, and controls over investment revenue recognition were still in the process of being applied. The District subsequently recorded additional investment revenue prior to the conclusion of audit fieldwork; however, the overall limitations that led to a disclaimer of opinion prevented sufficient audit testing to determine whether investment income was fully and accurately recorded.

Cause: The District's processes for completing bank and investment reconciliations and for posting related investment income have not yet been fully implemented and consistently followed throughout the year. Delays in reconciliations and limited review of revenue ledgers contributed to investment earnings not being recorded timely in the accounting records.

Effect: Because investment revenue was not recorded through routine processes during the year and delayed reconciliations limited the ability to verify completeness and accuracy, the auditors could not determine whether investment revenue and related balances were free of misstatement or whether the prior-year control deficiency in this area had been fully corrected.

Section II—Financial Statement Findings (continued)

Recommendation: The District should continue to strengthen its procedures for accounting for investment income by integrating the recording of interest and other investment earnings into the regular bank and investment reconciliation process. This should include clear timelines for completing reconciliations, posting all investment earnings from bank and investment statements to the appropriate accounts in the general ledger, and having an appropriate official review both the reconciliations and the recorded revenues. These steps will help ensure that investment revenue is consistently recorded, can be verified in future audits, and supports reliable financial reporting.

Management response: Management agrees with this finding. The District acknowledges that investment revenue was not recorded consistently during the year, primarily because bank and investment reconciliations, including those for external investment pools, were not completed on a timely basis, and that certain interest earnings had not been posted to the general ledger until later in the year. The District will strengthen its procedures for accounting for investment income by integrating the recording of interest and other investment earnings into the regular bank and investment reconciliation process. This will include clear timelines for completing reconciliations, posting all investment earnings from bank and investment statements to the appropriate accounts in the general ledger, and review of both the reconciliations and the recorded revenues by an appropriate official. As the District's monthly reconciliation process becomes fully established, management expects investment revenue to be recorded consistently through routine processes and to be verifiable in future audits.

2025-012 Fixed Assets

Criteria: The District’s capitalization policy provides that assets with an initial, individual cost greater than $5,000 and an estimated useful life in excess of two years are to be capitalized. Effective internal control over capital assets requires that this policy be followed consistently and that additions and deletions be reviewed to ensure that only qualifying items are capitalized and that the fixed asset records are complete and accurate.

Condition: During the year the District made significant improvements in applying its capitalization policy and reviewing fixed asset additions. The schedule of current-year additions provided for audit reflected application of the capitalization threshold that was generally consistent with policy, and no over-capitalization issues similar to the prior year were identified in the items reviewed. However, due to the broader limitations that resulted in a disclaimer of opinion on the financial statements, there remains some residual uncertainty regarding the completeness of the fixed asset records, particularly with respect to the search for unrecorded asset additions.

Cause: Management strengthened its review process over fixed asset additions and deletions compared to the prior year, but the District’s overall financial reporting and reconciliation challenges limited the ability to fully demonstrate that all qualifying capital assets were identified and recorded.

Section II—Financial Statement Findings (continued)

Effect: Based on the procedures performed, the prior-year issue of systematically over-capitalizing items below the District's capitalization threshold appears to have been addressed. Nonetheless, because of the overall disclaimer of opinion and the inherent limitations on audit procedures in this environment, it could not be definitively determined whether all capital asset additions were completely captured in the fixed asset records.

Recommendation: The District should continue to apply and monitor its improved review procedures over fixed asset additions and deletions, including a formal search for unrecorded capital asset additions at year-end that is clearly documented and reviewed. Maintaining these controls and documentation will help ensure that the capitalization policy is consistently followed and will allow future audits to more fully verify both the accuracy and completeness of the fixed asset records.

Management response: Management agrees with this finding. The District acknowledges that, while significant improvements were made in applying its capitalization policy and reviewing fixed asset additions, residual uncertainty regarding the completeness of fixed asset records remained, particularly with respect to the search for unrecorded asset additions. The District will continue to apply and monitor its improved review procedures over fixed asset additions and deletions, including a formal, documented, and reviewed search for unrecorded capital asset additions at year-end. Maintaining these controls and documentation will help ensure that the capitalization policy is consistently followed and will allow future audits to more fully verify both the accuracy and completeness of the fixed asset records.

2025-013 Accounts Payable and Accrued Expenditures

Criteria: An effective system of internal control over accounts payable and accrued expenses requires that all obligations for goods and services received as of year-end be recorded in the proper accounting period, regardless of when they are paid. Year-end procedures should include identifying unpaid invoices and other obligations, recording appropriate payables and accruals, and ensuring that check registers and accounts payable ledgers accurately distinguish between outstanding checks and unpaid liabilities.

Condition: The District did not properly account for accounts payable and accrued expenses at year-end. Amounts recorded as accounts payable included items that represented checks written and not yet cleared, rather than unpaid obligations for goods and services. In addition, during the audit's review of subsequent disbursements, multiple material invoices were identified that related to the audit period but had not been included in year-end accounts payable or accrued expenses. These items required audit-proposed adjustments to properly reflect the District's liabilities at year-end.

Cause: The District has not fully implemented or consistently applied year-end procedures for identifying and recording accounts payable and accrued expenses. There is insufficient distinction between outstanding checks and unpaid vendor obligations in the year-end close process, and there is no comprehensive review of subsequent disbursements and unpaid invoices to ensure that all liabilities existing at year-end are captured in the financial records.

Section II—Financial Statement Findings (continued)

Effect: Prior to audit adjustments, accounts payable and related expenditures and liabilities were misstated at year-end. Misclassification of outstanding checks as accounts payable and the exclusion of material invoices from year-end liabilities increase the risk that the District's financial statements do not accurately present obligations incurred in the period, which could affect users' understanding of available fund balances and the District's financial position.

Recommendation: The District should establish and implement formal year-end procedures for accounts payable and accrued expenses that include a clear separation in the accounting records between outstanding checks and unpaid vendor obligations; a systematic review of unpaid invoices and receiving reports as of year-end; and a documented subsequent disbursement review to identify payments after year-end that relate to the audit period, with corresponding accruals recorded as needed. These procedures should be subject to supervisory review to ensure that all material liabilities as of year-end are identified and properly recorded.

Management response: Management agrees with this finding. The District acknowledges that accounts payable at year-end included checks written but not yet cleared rather than unpaid obligations, that material invoices relating to the audit period were not included in year-end payables or accruals, and that audit-proposed adjustments were required to properly reflect the District's liabilities. The District will establish and implement formal year-end procedures for accounts payable and accrued expenses that include a clear separation in the accounting records between outstanding checks and unpaid vendor obligations, a systematic review of unpaid invoices and receiving reports as of year-end, and a documented subsequent disbursement review to identify post-year-end payments relating to the audit period, with corresponding accruals recorded as needed. These procedures will be subject to supervisory review so that all material liabilities at year-end are identified and properly recorded. The District expects to incorporate these procedures into its broader year-end close process as that process continues to develop.

2025-014 Enterprise Resource Planning System Implementation

Criteria: When implementing a new accounting or enterprise resource planning (ERP) system, an effective system of internal control requires that the District plan and execute the transition in a manner that ensures transactions are recorded accurately and timely throughout the implementation period. This includes maintaining continuity of financial records, reconciling data between the legacy and new systems, and ensuring that routine transactions (such as revenues, expenditures, payroll, and journal entries) continue to be processed and posted during and after the migration.

Condition: During the year the District implemented a new ERP system partway through the year. The transition did not proceed smoothly, and the District essentially stopped recording a substantial portion of routine financial transactions until after year-end, when the data migration and configuration work were brought closer to completion. As a result, the accounting records did not reflect current activity for an extended period, and significant volumes of transactions had to be entered or adjusted after year-end as part of the catch-up process.

Section II—Financial Statement Findings (continued)

Cause: The District did not have a sufficiently robust implementation plan, resource allocation, or contingency process to maintain normal transaction processing during the ERP transition. Training, data migration, and system configuration activities were not adequately coordinated with ongoing operational needs, and there was not a clearly defined parallel-run or fallback process to ensure that all transactions continued to be recorded in a timely manner while the new system was being implemented.

Effect: Because many transactions were not recorded during the implementation period and had to be entered or adjusted after year-end, the District's financial records were not current for a significant portion of the year. This increased the risk of errors, omissions, and misclassifications, made it more difficult for management to monitor financial activity during the year, and contributed to the overall risk of material misstatement in the financial statements and to the auditors' inability to obtain sufficient appropriate audit evidence in a timely manner.

Recommendation: The District should develop and follow a formal project plan for any future major system implementation or significant system change, including ERP upgrades, that addresses maintaining continuous recording of financial transactions during the transition; running legacy and new systems in parallel or establishing equivalent safeguards until the new system is proven stable; performing reconciliations between legacy and new system data; and providing adequate training and support to staff. The plan should be approved by management, clearly assign responsibilities, and include checkpoints and reconciliations designed to ensure that financial records remain complete and accurate throughout the implementation period.

Management response: Management agrees with this finding. The District acknowledges that the ERP transition did not proceed smoothly, that routine transaction processing largely stopped for an extended period during implementation, and that significant volumes of transactions had to be entered or adjusted after year-end, contributing to records that were not current for much of the year. The decision to convert to the new system approximately three months before fiscal year-end was made under prior leadership, with an implementation that was already substantially behind schedule at the time current management assumed responsibility. Management notes this not to diminish the District's responsibility for the result, but because the lessons from this transition directly inform the controls the District will apply going forward. The District will develop and follow a formal project plan for any future major system implementation or significant system change, including ERP upgrades, that addresses maintaining continuous recording of financial transactions throughout the transition, running legacy and new systems in parallel or establishing equivalent safeguards until the new system is proven stable, performing reconciliations between legacy and new system data, and providing adequate training and support to staff. The plan will be approved by management, clearly assign responsibilities, and include checkpoints and reconciliations designed to keep financial records complete and accurate throughout the implementation period.

Section III—Findings and Questioned Costs for Federal Awards

2025-015 Eligibility for the Child Nutrition Cluster

Federal program:	ALN 10.553, 10.555	Child Nutrition Cluster
Federal agency:		U.S. Department of Agriculture
Pass-through entity:		Colorado Department of Education

Criteria: School food authorities must maintain accurate records supporting eligibility determinations for free, reduced-price, and paid meals, and claims for reimbursement must be based on eligible children and correct eligibility categories. Eligibility determinations and records must be made and maintained.

Condition: During our testing of income-based free meal applications for the Child Nutrition Cluster, we identified five instances in which the same approved free-meal application information was entered more than once in the District's eligibility records (duplicate eligibility entries for the same household or student). These duplicate entries resulted in multiple eligibility records in the meal accounting system for a single underlying application rather than one unduplicated record per student or household. The underlying documentation for these cases supported free eligibility, but the eligibility records themselves were not maintained in an accurate manner.

Cause: The District does not have adequate controls to prevent or detect duplicate eligibility entries when processing and maintaining free and reduced-price meal applications in the food service software. There is no routine review designed specifically to identify and resolve duplicate records in the eligibility file.

Effect: Duplicate eligibility entries increase the risk of errors in eligibility reporting, verification processes, or other analyses that rely on counts of free or reduced-price eligible students, and of potential misstatement in the eligibility data used to support meal claims, even though our testing did not identify unsupported eligibility based on the underlying applications. These weaknesses in eligibility record maintenance represent a significant deficiency in internal control over compliance with the Eligibility requirements for the Child Nutrition Cluster.

Questioned costs: None noted. The underlying applications for the duplicate entries supported free eligibility. However, the condition reflects a control deficiency in how eligibility records are maintained.

Context: We tested a sample of income-based free applications as part of our Eligibility (E) procedures for the Child Nutrition Cluster. Five of the sampled items represented duplicate entries in the eligibility records for the same student. The District was able to reconcile the overall eligibility roster to current-year enrollment, so this finding is limited to the accuracy and duplication of entries in the eligibility file rather than the completeness of the population.

Section III—Findings and Questioned Costs for Federal Awards (continued)

Recommendation: We recommend that the District implement system edits or procedural checks to prevent duplicate eligibility entries for the same student (for example, by using unique student identifiers and warning messages when a duplicate is entered), periodically run and review reports that identify potential duplicate eligibility records (such as those with the same student ID, name, and date of birth) and investigate and clear any duplicates identified, and provide training to Nutrition Services staff responsible for entering and maintaining eligibility determinations on the importance of maintaining an unduplicated eligibility file and the procedures for correcting errors.

Views of responsible officials and planned corrective action: Management agrees with this finding. The District acknowledges that five duplicate eligibility entries were identified in its meal accounting records, and that while the underlying applications supported free eligibility, the eligibility records were not maintained in an accurate, unduplicated manner. To correct this condition, the District will implement system edits or procedural checks designed to prevent duplicate eligibility entries for the same student, including the use of unique student identifiers and warning prompts when a potential duplicate is entered. Nutrition Services will periodically run and review reports that identify potential duplicate records, such as those sharing the same student ID, name, and date of birth, and will investigate and clear any duplicates identified. The District will also provide training to Nutrition Services staff responsible for entering and maintaining eligibility determinations on maintaining an unduplicated eligibility file and on the procedures for correcting errors.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
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 Woodland Park School District Number RE-2 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.

Finding Number	CFDA Number	Program/ Cluster Title	Finding	Status of Finding
2024-001	NA	NA	Year-End Closing Procedures	Not Corrected. Reported as finding 2025-001. See page 9.
2024-002	NA	NA	P-Card Usage	Corrected
2024-003	NA	NA	District Travel Policy	Not Corrected. Reported as finding 2025-002 See page 10.
2024-004	NA	NA	Grant Accounting	Not Corrected. Reported as finding 2025-003 See page 12.
2024-005	NA	NA	Bank Reconciliations	Not Corrected. Reported as finding 2025-004. See page 13.
2024-006	NA	NA	Pupil Activities	Not Corrected. Reported as finding 2025-005. See page 14.
2024-007	NA	NA	BOCES Flow Through Activity	Not Corrected. Reported as finding 2025-006. See page 15.
2024-008	NA	NA	Component Unit Accounting	Not Corrected. Reported as finding 2025-007. See page 17.
2024-009	NA	NA	Journal Entries	Not Corrected. Reported as finding 2025-008. See page 18.
2024-010	NA	NA	State and Federal Grant Reporting to CDE	Not Corrected. Reported as finding 2025-009. See page 19.

Finding Number	ALN Number	Program/ Cluster Title	Finding	Status of Finding
2024-011	NA	NA	Salary Accruals	Corrected.
2024-012	NA	NA	Sales Tax Accounting	Not Corrected. Reported as finding 2025-010. See page 21.
2024-013	NA	NA	Accounting For Long-Term Debt Payments	Corrected.
2024-014	NA	NA	Accounting For Investment Revenue	Not Corrected. Reported as finding 2025-011. See page 22.
2024-015	NA	NA	Fixed Assets	Not Corrected. Reported as finding 2025-012. See page 23.
2024-016	84.425U&D	Education Stabilization Fund	Reporting for Education Stabilization Fund	Corrected.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2025

Prepared by the Auditee pursuant to 2 CFR 200.511(c)

Management's Overarching Statement

Management appreciates the work of the auditors and does not dispute the findings that follow. Management offers the following context, not to diminish the findings, but to inform the Board's understanding of the environment in which they arose and the District's path forward.

Over the past several years, the District has experienced significant turnover in financial leadership, including multiple changes in the Chief Financial Officer position. The current CFO inherited a financial operation in transition, including a decision made under prior leadership to convert to new accounting software approximately three months before fiscal year-end, with an implementation that was substantially behind schedule at the time of that transition. The resulting disruption contributed to additional staff departures during a period when qualified accounting personnel were already difficult to recruit and retain. Newly hired staff faced a steep learning curve on unfamiliar systems and processes. Throughout this period, District accounting staff worked extended hours, including evenings and weekends, to compile records and support the audit, and their effort helped the District avoid a materially worse outcome.

Management understands that these circumstances do not relieve the District of its responsibility to maintain effective controls and produce timely, auditable records. They do, however, reflect that meaningful remediation will take time. The District is committed to sustained, measurable progress and to reporting that progress to those charged with governance. The responses that follow describe the specific actions management will take.

Because these findings are numerous and interconnected, the District intends to remediate them in a deliberate sequence rather than all at once, prioritizing the foundational processes — timely year-end close, monthly bank and account reconciliations, and disciplined journal entry controls — on which the remaining improvements depend. Management believes a sequenced, sustainable approach is more likely to produce lasting correction than attempting simultaneous remediation across every area, and will report on this prioritization and its progress to those charged with governance.

Corrective Actions by Finding

The overarching statement above applies to all findings listed below. The following corrective actions correspond to the findings in the Schedule of Findings and Questioned Costs for the year ended June 30, 2025.

Finding	Planned Corrective Action	Responsible Party	Target Completion
2025-001	**Year-End Closing Procedures** Develop a documented year-end closing calendar assigning responsibilities and deadlines for significant accounts; perform consistent monthly and year-end reconciliations of material balance sheet, revenue, and expenditure accounts (cash, receivables, payables, payroll liabilities, grants, interfund activity, deferred inflows, leases, SBITAs, and fund balance), each supported by underlying	District CFO	June 30, 2027

Finding	Planned Corrective Action	Responsible Party	Target Completion
	documentation and subject to supervisory review. Continue staff training and supplement with outside technical accounting support for complex matters. Given the circumstances described in management's overarching statement above, the District anticipates this will be a multi-year effort and will report reconciliation and close status to those charged with governance on a recurring basis.		
2025-002	**District Travel Policy** Finalize and formally adopt comprehensive written travel procedures and, where needed, update the travel policy to specify required documentation (traveler names, dates, locations, purpose, approvals), IRS per diem limits, and review responsibilities. Adopt a standardized travel request/reimbursement form or checklist; designated travel manager to review for documentation and compliance before reimbursement. Provide training to staff involved in travel.	Accounts Payable Manager	June 30, 2027
2025-003	**Grant Accounting** Clarify staff roles and expectations for grant processing; formalize written procedures for recording grant revenues, interfund activity, and reimbursement requests, and for periodic reconciliations to the general ledger and to state and federal reports, including the CDE Federal Data Warehouse. Provide targeted training and establish periodic supervisory review. As noted in management's overarching statement above, the grant accounting function is still developing relative to the volume and complexity of the District's grant activity, and management is committed to building this capacity steadily.	Senior Accountant	June 30, 2027
2025-004	**Bank Reconciliations** Implement a formal monthly reconciliation process for all bank and investment accounts establishing specific timelines, clearly assigned preparers, and documented supervisory review and approval. Reconciliations prepared promptly after month-end, reconciling items resolved timely, and reconciled balances agreed to the general ledger. Use external support as needed in the near term while building internal capacity.	District CFO	June 30, 2027
2025-005	**Pupil Activities** Complete ERP implementation and implement procedures requiring reconciled school-level pupil activity balances and all related payment processor activity to be summarized and posted to the general ledger at least quarterly (monthly where practical). Clearly assign responsibility for preparing and reviewing entries; include reconciliation among school-level records, payment processor reports, and the general ledger so the Pupil Activity Fund is complete and accurate at year-end. Consistent with management's overarching statement above, the District expects to refine these procedures over the coming year as part of its broader work to	District CFO	June 30, 2027

Finding	Planned Corrective Action	Responsible Party	Target Completion
	strengthen year-end close and reconciliation processes.		
2025-006	**BOCES Flow-Through Activity** Establish and document specific procedures for accounting for BOCES flow-through activity, including how BOCES payments and supporting schedules are obtained, reviewed, recorded, and reconciled. Clearly assign responsibilities; an appropriate official to review BOCES revenue postings and reconciliations. Extend grant/intergovernmental revenue control improvements to BOCES flow-through transactions.	District CFO	June 30, 2027
2025-007	**Component Unit Accounting** Formalize a component unit accounting process with clearly defined roles and internal deadlines, periodic interim reconciliations during the year (rather than a single year-end true-up), and documented management review of related entries. Ensure responsible staff have guidance to apply relevant funding formulas, agreements, and accounting requirements. Because the true-up is inherently a two-party process, full and durable remediation also depends on timely cooperation from the component unit. In coordination with Merit Academy, the District will seek mutually agreed milestones and information-exchange deadlines in advance of statutory reporting dates, and will document its requests for and the timeliness of that coordination so responsibility for meeting agreed deadlines is clear to both parties and to those charged with governance.	District CFO and Component Unit CFO	June 30, 2027
2025-008	**Journal Entries** Implement a formal journal entry policy establishing requirements for preparation, documentation, and approval of manual entries, including each entry's purpose, references to supporting documentation, identification of preparer and date, and documented approval by an appropriate reviewer prior to posting. Reinforce through staff training.	District CFO	June 30, 2027
2025-009	**State and Federal Grant Reporting to CDE** Develop and implement a formal calendar and procedures for state and federal grant reporting to CDE identifying each required report, its due date, the responsible preparer, and required review and approval steps. Integrate with grant accounting and reconciliation processes so reports are prepared from reconciled records and submitted by applicable deadlines. Provide training and ongoing oversight. Consistent with management's overarching statement above, this reporting function is closely tied to the broader grant accounting capacity the District is continuing to build, and management expects timeliness and accuracy to improve as those underlying processes mature.	Senior Accountant	June 30, 2027
2025-010	**Sales Tax Accounting** In the event a sales tax is restored, develop and document procedures for accounting for revenue streams arising from intergovernmental	District CFO	Currently N/A, as there is not an IGA in place

Finding	Planned Corrective Action	Responsible Party	Target Completion
	agreements, addressing how revenue and receivables are recorded, how accruals and reversals are handled when an IGA is initiated, modified, or rescinded, and how periodic reconciliations to the other government's reports are performed and reviewed.		
2025-011	**Accounting for Investment Revenue** Integrate the recording of interest and other investment earnings into the regular bank and investment reconciliation process, with clear timelines for completing reconciliations, posting all investment earnings to the appropriate general ledger accounts, and review of both reconciliations and recorded revenues by an appropriate official.	District CFO	June 30, 2027
2025-012	**Fixed Assets** Continue to apply and monitor improved review procedures over fixed asset additions and deletions, including a formal, documented, and reviewed search for unrecorded capital asset additions at year-end, so the capitalization policy is consistently followed and completeness can be verified in future audits.	District CFO	June 30, 2027
2025-013	**Accounts Payable and Accrued Expenditures** Establish and implement formal year-end procedures for accounts payable and accrued expenses, including a clear separation between outstanding checks and unpaid vendor obligations, a systematic review of unpaid invoices and receiving reports as of year-end, and a documented subsequent disbursement review to identify post-year-end payments relating to the audit period, with accruals recorded as needed. Subject to supervisory review. Consistent with management's overarching statement above, the District expects to incorporate these procedures into its broader year-end close process as that process continues to develop.	District CFO	June 30, 2027
2025-014	**Enterprise Resource Planning System Implementation** As described in management's overarching statement above, the decision to convert to the new system approximately three months before fiscal year-end was made under prior leadership, with an implementation already substantially behind schedule when current management assumed responsibility. The District will develop and follow a formal project plan for any future major system implementation or significant system change (including ERP upgrades) that addresses maintaining continuous transaction recording throughout the transition, running legacy and new systems in parallel or establishing equivalent safeguards until proven stable, performing reconciliations between legacy and new system data, and providing adequate training and support. Plan approved by management, with assigned responsibilities, checkpoints, and reconciliations.	District CFO	Summer 2026

Finding	Planned Corrective Action	Responsible Party	Target Completion
2025-015	**Eligibility for the Child Nutrition Cluster (Federal Award)** Implement system edits or procedural checks to prevent duplicate eligibility entries for the same student, including unique student identifiers and warning prompts. Periodically run and review reports identifying potential duplicate records (same student ID, name, date of birth) and investigate and clear duplicates. Provide training to Nutrition Services staff on maintaining an unduplicated eligibility file and correcting errors.	Child Nutrition Analyst	December 31, 2026

Submitted by:

David Kuritar

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David Kuritar
Chief Financial Officer
Woodland Park School District RE-2

2026-06-30

Date:________________