

**CENTENNIAL SCHOOL DISTRICT R-1  
SAN LUIS, COLORADO**

**FINANCIAL STATEMENTS**

**June 30, 2016**



**RECEIVED**

*By Justin L. Smith at 8:01 am, Feb 22, 2017*



**Wall,  
Smith,  
Bateman** Inc.

Certified Public Accountants

**CENTENNIAL SCHOOL DISTRICT R-1**  
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# INDEPENDENT AUDITORS' REPORT



Wall,  
Smith,  
Bateman Inc.

To the Board of Education  
Centennial School District R-1  
San Luis, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Centennial School District R-1 (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

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

## Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Certified Public Accountants**

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## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension information on pages 3 through 12 and 41 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial schedules and the Colorado School District Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Wall, Smith, Bateman Inc.  
Alamosa, Colorado

February 8, 2017

**Centennial School District RE-1  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

As management of Centennial School District, we offer readers of the Centennial School District's financial statements this narrative overview and analysis of the financial activities of the Centennial School District for the year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this section.

**Financial Highlights 2016**

- Total net position as of June 30, 2015 was \$8,804,989. Total Net Position as of June 30, 2016 was \$10,675,640, an increase of \$1,870,651. Total general fund balance decreased \$223,866.
- General revenues, primarily property taxes and state equalization payments, account for approximately \$3,158,172 or 85% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$578,381 of total revenues.
- The District had \$4,051,358 in expenses related to governmental activities; \$3,472,977 in addition to these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$3,158,172 provided for these programs.
- Revenue in the food service fund from charges for services and operating grants and contributions was not sufficient to cover expenses in the 2016 fiscal year and was subsidized by the General Fund.

**Centennial School District RE-1  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016 (Continued)**

**Overview of the Financial Statements**

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements, and include a comparison to the District's budget for the year.

**District-wide Financial Statements**

The District-wide financial statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of Centennial School District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of Centennial School District is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

**Centennial School District RE-1  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016 (Continued)**

Both of the District-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Included in governmental activities are most of the District's basic services such as regular and special education, transportation, administration, and the food service program.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant, or "major" funds, not the District as a whole. Funds are accounting devices the District uses to track specific sources of funding and spending on particular programs. The Centennial School District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) balances remaining at year-end which are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the District-wide statements, additional schedules explain the relationship (or differences) between them.

Centennial School District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in the fund balances for the (1) General fund, (2) Governmental Designated Purpose Grants fund, (3) Student Activity fund, (4) Bond Redemption fund, (5) Capital Reserve Capital Projects fund, (6) Building fund, and (7) Food Service Fund.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplementary information includes other budget-to-actual information as dictated by State law.

**Centennial School District RE-1  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016 (Continued)**

**District-wide Financial Analysis**

Government-wide Analysis:

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories, and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax collection process; the District receives about 75% of the annual property tax assessment in the first half of the calendar year.

Capital Assets are used in the operation of the District. These assets are land, buildings and improvements, machinery and equipment, and vehicles. Capital assets are discussed in greater detail in the section title, Capital Assets and Long-Term Debt, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets, or new resources that become available during fiscal year 2017. Long-term liabilities such as long-term debt obligations and compensated absences payable, will be liquidated from resources that will become available after fiscal year 2016. A comparative analysis is provided.

Activity Fund:

Total expenditures from the Student Activity Fund for 2015-2016 were \$59,680, a decrease of \$2,421 from the fiscal year 2014-2015. Only \$10,000 total transfers from the General Fund were made during the 2015-2016 school year.

**Centennial School District RE-1**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016 (Continued)**

**Table I**  
**Statement of Net Position**  
**June 30, 2015 and 2016**

	Governmental Activities 2015	Governmental Activities 2016
<b>Assets</b>		
Current Assets	\$ 3,138,844	\$ 5,534,398
Capital Assets	16,411,105	16,102,105
<b>Total Assets</b>	<b>19,549,949</b>	<b>21,636,503</b>
<b>Deferred Outflows of Resources</b>		
Pensions	433,677	798,688
Deferred Charge on Bond Refunding	761,841	719,516
<b>Total Deferred Outflows of Resources</b>	<b>1,195,518</b>	<b>1,518,204</b>
<b>Liabilities</b>		
Other Liabilities	558,401	666,829
Long-term Liab.	11,312,285	11,667,021
<b>Total Liabilities</b>	<b>11,870,686</b>	<b>12,333,850</b>
<b>Deferred Inflows of Resources</b>		
Pensions	353	75,778
Unavailable Revenue- Property Tax	69,439	69,439
<b>Total Deferred Inflows of Resources</b>	<b>69,792</b>	<b>145,217</b>
<b>Net Position</b>		
Net Investment in Capital Assets	9,623,793	9,549,760
Restricted for TABOR	77,000	77,000
Restricted for Debt Service	721,290	798,393
Restricted for Preschool	250,165	381,916
Unrestricted	(1,867,259)	(131,429)
<b>Total Net Position</b>	<b>\$ 8,804,989</b>	<b>10,675,640</b>

**Centennial School District RE-1**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016 (Continued)**

Table II provides a summary of the changes in net position. The following table is a specific discussion related to overall revenues and expenses.

**Table II**  
**Condensed Statement of Changes in Net Position**  
**Fiscal Year 2015 and 2016**

	Governmental Activities 2015	Governmental Activities 2016
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 148,591	\$ 136,580
Oper. Grants & Contributions	393,891	382,093
Capital Grants & Contributions	-	59,708
General Revenues:		
Property Taxes	1,350,938	1,262,835
State Equalization	1,410,874	1,619,853
Other	245,036	275,484
<b>Total Revenues</b>	<u>3,549,330</u>	<u>3,736,553</u>
<b>Expenses</b>		
Instructional Program	1,873,103	1,990,588
Student Support Services	156,792	148,679
Instr. Staff Support Services	60,559	47,783
Gen. Admin. Support Services	398,451	400,189
Sch. Admin. Support Services	172,246	168,953
Business Support Services	61,572	67,997
O&M of Plant Services	291,884	278,907
Student Trans. Services	125,130	139,974
Central Support Services	97,330	113,032
Food Services	177,269	224,196
Community Services	80,767	85,386
Facilities Acq. And Const. Services	-	139,455
Interest on Long-Term Debt	251,295	246,219
<b>Total Expenses</b>	<u>3,746,398</u>	<u>4,051,358</u>
Excess (Deficiency) Before Special Items	(197,068)	(893,186)
<b>Special Items:</b>		
Litigation Costs	-	(364,544)
Settlement Revenue	-	2,550,000
Increase (Decrease) in Net Position	<u>\$ (197,068)</u>	<u>\$ 1,870,651</u>

**Centennial School District RE-1**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016 (Continued)**

In the previous year, property taxes and per pupil state formula revenue (state equalization) accounted for most of the District's revenue, contributing about 78%. Normally State and Federal grants and private partnership grants contribute about 11% of revenue. Normally interest on investments, other sources, and miscellaneous contribute the remaining 11%.

In fiscal year 2016, the revenue percentage of property taxes and state equalization is 77%, grants 10%, and all other 13%.

The District expenses predominantly relate to instruction and support services, which include support for students and instructional staff, administration, operations and maintenance, and transportation. Given that Centennial School District is a service organization providing education services to students, the majority of expenses are paid in the form of compensation (salaries and benefits) to the District's employees.

**Governmental Activities**

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal, federal, and state requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financial requirements. In particular, unrestricted fund balance may serve as a useful measure of the net resources available for spending at the end of the fiscal year.

The primary source of operating revenue for school districts comes from the School Finance Act of 1994. Under this act, the District received \$11,154.83 per funded student. In fiscal year 2016, the funded pupil count was 227.5. Funding for the school finance act comes from property taxes, specific ownership taxes, and state equalization. The District received approximately 64% of this funding from state equalization while the remaining amounts come from property taxes and specific ownership tax.

The statement of activities provides the cost of program services and the related charges for services and grants offsetting those costs. Table III reflects each program's net cost (total cost less fees generated by the programs and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these programs.

**Centennial School District RE-1  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016 (Continued)**

**Table III  
Cost of Services-Governmental Activities  
Fiscal Year 2015 and 2016**

	Total Cost	Total Cost	Net Cost	Net Cost
Instructional Program	\$ 1,873,103	1,990,588	(\$1,643,156)	(1,703,455.00)
Student Support Services	156,792	148,679	(78,521)	(85,159.00)
Instructional Staff Support Services	60,559	47,783	(60,559)	(47,783.00)
General Admin. Support Services	398,451	400,189	(398,451)	(400,189.00)
School Admin. Support Services	172,246	168,953	(172,246)	(168,953.00)
Business Support Services	61,572	67,997	(61,572)	(67,997.00)
Operations & Maintenance of Plant Services	291,884	278,907	(291,884)	(278,907.00)
Student Transportation Services	125,130	139,974	(84,498)	(104,485.00)
Central Supporting Services	97,330	113,032	(97,330)	(113,032.00)
Food Service	177,269	224,196	(42,435)	(93,805.00)
Community Services	80,767	85,386	(21,969)	(23,538.00)
Facility Acquisition and Construction	-	139,455	-	(139,455.00)
Interest on Long-Term Debt	251,295	246,219	(251,295)	(246,219.00)
<b>Total</b>	<b>\$ 3,746,398</b>	<b>4,051,358</b>	<b>(\$3,203,916)</b>	<b>(3,472,977.00)</b>

**Financial Analysis of the District's Funds**

Information about the District's funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. The net change in fund balance for the year was most significant in the building fund, an increase of \$2,452,652 to a year end balance of \$2,608,369.

**General Fund Budgetary Highlights**

The District's budget is prepared according to Colorado Law and is based on accounting for certain transactions on the modified accrual basis.

**Capital Assets and Debt Administration**

By the end of the fiscal year 2016, the District had invested \$16,102,105 in a broad range of capital assets, including land, buildings and improvements, machinery and equipment, and vehicles. (See Table IV)

**Centennial School District RE-1  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016 (Continued)**

**Table IV  
Capital Assets at June 30, 2015 and 2016  
(Net of depreciation)**

	Governmental Activities 2015	Governmental Activities 2016
Land	\$ 131,307	131,307
Buildings and Improvements	15,672,394	15,328,073
Machinery & Equipment	556,363	501,885
Vehicles	51,041	140,840
<b>Totals</b>	<b>\$ 16,411,105</b>	<b>16,102,105</b>

**Long-Term Debt**

At June 30, 2016, the District had \$6,582,851 in total long-term debt. Of this amount, \$277,386 is due within one year. Table V details the outstanding debt and the portion due within one year for the District.

**Table V  
Outstanding Debt  
Current and Total at June 30, 2015 and 2016**

	Governmental Activities Due Within One Year/Total Debt 2015		Governmental Activities Due Within One year/Total Debt 2016	
Compensated Absences	\$ 1,865	31,315	\$ 2,419	30,506
General Obligation Bonds and Premiums	234,967	6,787,312	274,967	6,552,345
	<b>\$ 236,832</b>	<b>6,818,627</b>	<b>\$ 277,386</b>	<b>6,582,851</b>

**Centennial School District RE-1  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016 (Continued)  
Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future.

- Construction of the new \$17,000,000 school was substantially complete in December 2010 and the District moved into the building in early January 2011. Overall, the District was very pleased with the new building, except for the heating and drainage systems. 2016 litigation efforts resulted in a settlement of \$2.55 million, along with another BEST grant of \$1.1 million was enough to be able to complete a remediation project to enhance our geo-thermal heating system and correct the drainage issues as well as re-stucco a major part of the building.
- Information from the 2015-2016 student enrollment "October Count" shows that Centennial School District enrollment had a slight decrease of 3% from the prior year.
- The Centennial School District was very aggressive in dealing with the general fund deficit of fiscal year 2008. By the end of fiscal year 2010, the deficit was eliminated and a balance of \$305,208 was established. The fund balance has increased now to a healthy level where we feel that we have adequate reserves to be able to handle any District emergencies that may arise. The District goal in the future is to maintain a healthy balance while providing for student needs and enhancing the educational services we provide.
- The United States and the State of Colorado have experienced slowing economic conditions in the past several years. One impact of this economic slowing is the reduction in the State of Colorado's general fund revenues. Because educational expenditures represent a significant portion of the State of Colorado's budget, the district revenues were adversely impacted. The outlook and forecast for school funding in the future continues to be bleak. In fiscal year 2015, the state finally began to backfill some of the funding cuts that were a result of the past recession. The District continues to work hard to manage funds wisely and prudently, while adding back needed teacher positions. One full time teaching position and two para-professionals were added during the 14-15 school year, with one more para professional position added during 2016 with E-Care funds.
- The Centennial School District continues its efforts in educational reform with cooperation from administration, certified staff, classified staff, parents, community members, and the local board of education. The District has established partnerships with valley educational institutions and state organizations to assist in the curriculum reform effort.
- Centennial School District has been successful in the past with obtaining grants from the Colorado Legacy Foundation, Positive Behavior Intervention Support and this year Expelled and At Risk Student Services Grant from CDE. With these organizations, we continue to develop and evaluate student-focused strategies for increasing student attendance and achievement, as is evidenced by the quality teaching strategies found in our classrooms. These efforts have resulted in improvements in our educational programs that are evidenced by the educational awards the District continues to receive.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent of Schools, Centennial School District, 14644 Hwy 159, San Luis, CO 81152.

**CENTENNIAL SCHOOL DISTRICT R-1**

**BASIC FINANCIAL STATEMENTS**

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**CENTENNIAL SCHOOL DISTRICT R-1**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Investments	\$ 5,115,798
Accounts Receivable	109,199
Property Tax Receivable	69,439
Inventory	1,225
Due from Other Governments	238,737
<b>Total Current Assets</b>	<b>5,534,398</b>
<b>Noncurrent Assets</b>	
<b>Capital Assets</b>	
Land	131,307
Buildings and Improvements	17,341,446
Machinery and Equipment	825,526
Vehicles	726,137
Less: Accumulated Depreciation	(2,922,311)
<b>Total Noncurrent Assets</b>	<b>16,102,105</b>
<b>TOTAL ASSETS</b>	<b>21,636,503</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	798,688
Deferred Charge on Bond Refunding	719,516
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,518,204</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	106,216
Due to Other Governments	79
Accrued Salaries and Benefits	221,472
Accrued Interest Payable	76,676
Premium on Issuance of Bonds	34,967
General Obligation Bonds Payable	225,000
Compensated Absences	2,419
<b>Total Current Liabilities</b>	<b>666,829</b>
<b>Noncurrent Liabilities</b>	
Premium on Issuance of Bonds	292,378
General Obligation Bonds Payable	6,000,000
Compensated Absences	28,087
Pension Liability	5,346,556
<b>Total Noncurrent Liabilities</b>	<b>11,667,021</b>
<b>TOTAL LIABILITIES</b>	<b>12,333,850</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	75,778
Unavailable Revenue- Property Tax	69,439
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>145,217</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	9,549,760
Restricted for:	
TABOR	77,000
Debt Service	798,393
Preschool	381,916
Unrestricted	(131,429)
<b>TOTAL NET POSITION</b>	<b>\$ 10,675,640</b>

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

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**CENTENNIAL SCHOOL DISTRICT R-1**  
**STATEMENT OF ACTIVITIES**  
**Fiscal Year Ended June 30, 2016**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense)</b>
		<b>Charges for Services</b>	<b>Operating Grants &amp; Contributions</b>	<b>Capital Grants &amp; Contributions</b>	<b>Revenue and Changes in Net Position</b>
					<b>Primary Government</b>
<b>Governmental Activities:</b>					
Instructional Program	\$ 1,990,588	\$ -	\$ 227,425	\$ 59,708	\$ (1,703,455)
Student Supporting Services	148,679	63,520	-	-	(85,159)
Instructional Staff Supporting Services	47,783	-	-	-	(47,783)
General Administration Supporting Services	400,189	-	-	-	(400,189)
School Administration Supporting Services	168,953	-	-	-	(168,953)
Business Supporting Services	67,997	-	-	-	(67,997)
Operations and Maintenance of Plant Services	278,907	-	-	-	(278,907)
Student Transportation Services	139,974	-	35,489	-	(104,485)
Central Supporting Services	113,032	-	-	-	(113,032)
Food Services	224,196	11,212	119,179	-	(93,805)
Community Services	85,386	61,848	-	-	(23,538)
Facilities Acquisition and Construction Services	139,455	-	-	-	(139,455)
Interest on Long-term Debt	246,219	-	-	-	(246,219)
<b>Total Governmental Activities</b>	<u>4,051,358</u>	<u>136,580</u>	<u>382,093</u>	<u>59,708</u>	<u>(3,472,977)</u>
<b>Total Primary Government</b>	<u>\$ 4,051,358</u>	<u>\$ 136,580</u>	<u>\$ 382,093</u>	<u>\$ 59,708</u>	<u>\$ (3,472,977)</u>
<b>General Revenues and Transfers</b>					
Taxes:					
General Property Taxes - Net					1,262,835
Other Taxes					197,129
State Equalization					1,619,853
Interest on Investments					2,563
Miscellaneous					75,792
<b>Total General Revenues and Transfers</b>					<u>3,158,172</u>
<b>Special Items (Note 18)</b>					
Settlement Revenue					2,550,000
Litigation Costs					(364,544)
<b>Total Special Items</b>					<u>2,185,456</u>
<b>Change in Net Position</b>					1,870,651
<b>Net Position - Beginning of Year</b>					<u>8,804,989</u>
<b>Net Position - End of Year</b>					<u>\$ 10,675,640</u>

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

**CENTENNIAL SCHOOL DISTRICT R-1**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**June 30, 2016**

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>GENERAL</u>	<u>FOOD SERVICE</u>	<u>GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND</u>
	<u>FUND</u>	<u>FUND</u>	<u>FUND</u>
<b>ASSETS</b>			
Cash and Investments	\$ 1,255,860	\$ 150,163	\$ 145,485
Accounts Receivable	67,020	-	-
Property Tax Receivable	45,360	-	-
Due from Other Funds	366,405	2,862	-
Inventory	-	1,225	-
Due from Other Governments	79,455	-	78,643
<b>TOTAL ASSETS</b>	<u>\$ 1,814,100</u>	<u>\$ 154,250</u>	<u>\$ 224,128</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,117	\$ 294	\$ 89
Due to Other Funds	-	173,562	194,757
Due to Other Governments	79	-	-
Accrued Salaries and Benefits	191,422	10,294	19,756
<b>TOTAL LIABILITIES</b>	<u>192,618</u>	<u>184,150</u>	<u>214,602</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Tax	45,360	-	-
<b>FUND BALANCE</b>			
Nonspendable			
Inventory	-	1,225	-
Restricted for			
TABOR 3% Reserve	77,000	-	-
Debt Service	-	-	-
Preschool	381,916	-	-
Committed			
Grants	-	-	9,526
Pupil Activities	-	-	-
Assigned			
Capital Projects	-	-	-
Unassigned	1,117,206	(31,125)	-
<b>TOTAL FUND BALANCE</b>	<u>1,576,122</u>	<u>(29,900)</u>	<u>9,526</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 1,814,100</u>	<u>\$ 154,250</u>	<u>\$ 224,128</u>

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

<u>CAPITAL PROJECTS FUND</u>		<u>DEBT SERVICE FUND</u>			
<u>BUILDING FUND</u>	<u>BOND REDEMPTION FUND</u>	<u>TOTAL NONMAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>		
\$ 2,671,853	\$ 716,807	\$ 175,630	\$ 5,115,798		
-	42,179	-	109,199		
-	24,079	-	69,439		
-	-	-	369,267		
-	-	-	1,225		
41,482	39,157	-	238,737		
<u>\$ 2,713,335</u>	<u>\$ 822,222</u>	<u>\$ 175,630</u>	<u>\$ 5,903,665</u>		
\$ 104,966	\$ (250)	\$ -	\$ 106,216		
-	-	948	369,267		
-	-	-	79		
-	-	-	221,472		
<u>104,966</u>	<u>(250)</u>	<u>948</u>	<u>697,034</u>		
-	24,079	-	69,439		
-	-	-	1,225		
-	-	-	77,000		
-	798,393	-	798,393		
-	-	-	381,916		
-	-	-	9,526		
-	-	84,687	84,687		
2,608,369	-	89,995	2,698,364		
-	-	-	1,086,081		
<u>2,608,369</u>	<u>798,393</u>	<u>174,682</u>	<u>5,137,192</u>		
<u>\$ 2,713,335</u>	<u>\$ 822,222</u>	<u>\$ 175,630</u>	<u>\$ 5,903,665</u>		

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**CENTENNIAL SCHOOL DISTRICT R-1**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2016**

<b>Total governmental fund balances</b>		<b>\$ 5,137,192</b>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		16,102,105
Deferred charges on bond refunding are not available to pay for current-period expenditures and, therefore, are not reported in the funds statements.		719,516
Deferred results and contributions to pension plans made after the measurement date are not recorded as expenditures in the governmental funds but must be deferred in the statement of net position.		798,688
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
General Obligation Bonds Payable	(6,225,000)	
Accrued Interest Payable	(76,676)	
Compensated Absences	(30,506)	
	(6,332,182)	(6,332,182)
Net pension liabilities are not due and payable in the current period and are not reported in the funds.		(5,346,556)
Certain transactions relating to the activity of the bonds are expenditures in the governmental funds, but are required to be capitalized and amortized in the government-wide financial statements.		
Premium on Issuance of Bonds		(327,345)
Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds.		(75,778)
		(75,778)
<b>Net position of governmental activities</b>		<b>\$ 10,675,640</b>

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

**CENTENNIAL SCHOOL DISTRICT R-1**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES**  
**For the Year Ended June 30, 2016**

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>GENERAL</u>	<u>FOOD SERVICE</u>	<u>GOVERNMENTAL</u>
	<u>FUND</u>	<u>FUND</u>	<u>DESIGNATED</u>
			<u>PURPOSE</u>
			<u>GRANTS FUND</u>
<b>REVENUES</b>			
Local Sources	\$ 1,093,119	\$ 11,212	\$ -
State Sources	1,746,765	978	(131)
Federal Sources	228	118,201	140,007
<b>TOTAL REVENUES</b>	<u>2,840,112</u>	<u>130,391</u>	<u>139,876</u>
<b>EXPENDITURES</b>			
Instructional Program	1,262,519	-	134,661
Student Supporting Services	80,254	-	681
Instructional Staff Supporting Services	39,864	-	1,814
General Administration Supporting Services	364,766	-	-
School Administration Supporting Services	146,285	-	2,851
Business Supporting Services	60,325	-	-
Operations and Maintenance of Plant Services	260,544	-	-
Student Transportation Services	221,743	-	-
Central Supporting Services	113,032	-	-
Food Services	-	206,892	-
Community Services	75,102	-	-
Facilities Acquisition and Construction Services	-	-	-
Debt Service	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>2,624,434</u>	<u>206,892</u>	<u>140,007</u>
Excess (deficiency) of revenues over expenditures	<u>215,678</u>	<u>(76,501)</u>	<u>(131)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer From Other Funds	-	50,000	-
Transfer To Other Funds	(75,000)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(75,000)</u>	<u>50,000</u>	<u>-</u>
<b>SPECIAL ITEMS (NOTE 18)</b>			
Settlement Revenue	-	-	-
Litigation Costs	(364,544)	-	-
<b>TOTAL SPECIAL ITEMS</b>	<u>(364,544)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(223,866)	(26,501)	(131)
<b>FUND BALANCE at Beginning of Year</b>	<u>1,799,988</u>	<u>(3,399)</u>	<u>9,657</u>
<b>FUND BALANCE at End of Year</b>	<u>\$ 1,576,122</u>	<u>\$ (29,900)</u>	<u>\$ 9,526</u>

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

<u>CAPITAL PROJECTS FUND</u>		<u>DEBT SERVICE FUND</u>			
<u>BUILDING FUND</u>		<u>BOND REDEMPTION FUND</u>		<u>TOTAL NONMAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ 625		\$ 520,547		\$ 63,520	\$ 1,689,023
41,482		-		-	1,789,094
-		-		-	258,436
<u>42,107</u>		<u>520,547</u>		<u>63,520</u>	<u>3,736,553</u>
-		-		-	1,397,180
-		-		59,680	140,615
-		-		-	41,678
-		-		-	364,766
-		-		-	149,136
-		-		-	60,325
-		-		-	260,544
-		-		-	221,743
-		-		-	113,032
-		-		-	206,892
-		-		-	75,102
139,455		-		-	139,455
-		443,444		-	443,444
<u>139,455</u>		<u>443,444</u>		<u>59,680</u>	<u>3,613,912</u>
<u>(97,348)</u>		<u>77,103</u>		<u>3,840</u>	<u>122,641</u>
-		-		25,000	75,000
-		-		-	(75,000)
-		-		25,000	-
2,550,000		-		-	2,550,000
-		-		-	(364,544)
<u>2,550,000</u>		<u>-</u>		<u>-</u>	<u>2,185,456</u>
2,452,652		77,103		28,840	2,308,097
155,717		721,290		145,842	2,829,095
<u>\$ 2,608,369</u>		<u>\$ 798,393</u>		<u>\$ 174,682</u>	<u>\$ 5,137,192</u>

**CENTENNIAL SCHOOL DISTRICT R-1**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2016**

<b>Net change in fund balances - total governmental funds</b>		<b>\$ 2,308,097</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the activity in the capital assets in the current period.</p>		
Capital Asset Addition	100,000	
Depreciation expense	(409,000)	
		(309,000)
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Principal payment on general obligation bonds		200,000
<p>The premium associated with the issuance of the general obligation bonds provide a current financial resource to the debt service fund, but they must be capitalized and amortized over the life of the bonds in the government-wide financial statements.</p>		
Accretion of Bond Premium		34,967
<p>The deferred charge on refunding associated with the refunding of debt provide a current financial resource to the debt service fund, but they must be capitalized and amortized over the life of the bonds in the government-wide financial statements.</p>		
Amortization of Deferred Charge on Refunding		(42,325)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Accrued Interest Payable	4,583	
Compensated Absences	809	
		5,392
<p>Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension expense.</p>		
		(326,480)
<b>Change in net position of governmental activities</b>		<b>\$ 1,870,651</b>

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

**CENTENNIAL SCHOOL DISTRICT R-1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the District reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

**REPORTING ENTITY**

***Primary Government***

Centennial School District R-1 is a public school as established by Colorado State Statute. The District is declared to be a corporate body with perpetual existence and in its name may hold property, sue and be sued, and be a party to contracts for any purpose authorized by law. Members of the school board are voted on at large by the registered, qualified electors of the District. Taxes are levied upon all taxable property within the District's boundaries by the County Commissioners. The County Treasurer collects the taxes and remits them to the school district. The District also receives State and Federal funds. The school board has the authority to issue bonds up to 20% of the latest assessed valuation of the taxable property in the District. The board also has authority to select the depository of school funds and acquire short-term loans.

***Component Units***

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District

Based on the aforementioned criteria, the Centennial School District R-1 has no component units.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District, except for District fiduciary activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

**CENTENNIAL SCHOOL DISTRICT R-1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2016**

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

- The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Food Service Fund** is a special revenue fund used to account for the District's food service program.
- The **Governmental Designated Purpose Grants Fund** is a special revenue fund used to record financial transactions for grants received for designated programs funded by federal, state, or local governments.
- The **Building Fund** is a capital projects fund used to account for all resources available for acquiring capital sites, buildings, and equipment.
- The **Debt Service Fund** is used to account for the accumulation of resources for the payment of principal, interest, and related expenses on long-term general obligation debt or long-term voter approved lease-purchase debt.

Certain eliminations have been made as prescribed by GASB No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated.

**CENTENNIAL SCHOOL DISTRICT R-1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2016**

**ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE**

***Cash***

The District's cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with maturity of three months or less.

***Investments***

All investments, if any, are recorded at fair market value.

***Property Taxes***

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized when received by the County Treasurer. Uncollected property taxes that became an enforceable lien January 1, 2016, have been recorded in the financial statements as an asset and a corresponding deferred outflow of resources.

***Receivables/Payables From Other District Funds***

Balances that originate from current lending/borrowing arrangements between funds are referred to as "Due To/From Other Funds."

***Inventories***

Purchased inventories are stated at cost and consist of supplies and food to be used within one year. Donated inventory is priced at the U.S. Department of Agriculture established values.

***USDA Commodities***

The Food Service Fund receives donated commodities to use in meal preparation from the U.S. Department of Agriculture. The value of these commodities received during the year is shown as income, and the value of commodities used is shown as expense.

***Capital Assets***

Capital Assets, which include land, buildings and improvements, machinery and equipment, vehicles, and construction in progress, are reported in the applicable governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Machinery and Equipment	5-15
Vehicles	6-10

**CENTENNIAL SCHOOL DISTRICT R-1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2016**

***Long-Term Obligations***

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as debt service expenditures.

***Bond Premium and Issuance Costs***

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bond premiums net of amortization were \$327,345, at June 30, 2016. Debt issuance costs are reported as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

***Compensated Absences***

Teachers and classified staff of the District receive thirteen leave days each contract year. Administrative staff receive a total of twenty four leave days each contract year. Leave days may accumulate up to 60 days, and any earned over 60 days is paid in June of each year. Employees retiring shall receive a payment equal to half the daily substitute's rate times the number of days of accumulated leave. If an employee resigns or is terminated, any accumulated leave days are lost.

***Unearned Grant Revenue***

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period. A deferred charge on refunding arises from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide statements.

In addition to liabilities, the balance sheet reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future periods and, therefore, will not be recognized as an inflow of resources (revenue) until that time. Property taxes levied for the subsequent year are reported in the statement of net position and recognized as an inflow of resources in the period for which the taxes are levied. In the governmental funds, unavailable property taxes are reported as deferred inflows of resources until the period in which the taxes become available.

Certain amounts related to pensions must be deferred.

**CENTENNIAL SCHOOL DISTRICT R-1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2016**

***Pensions***

The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/ deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment are reported at fair value.

***Net Position***

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

***Fund Balance***

Fund balances are reported by classification based on the extent to which the District is bound to honor constraints for the specific purposes of which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance*- amounts that cannot be spent because they are not in spendable form, such as inventory and prepaid expenditures.
- *Restricted Fund Balance*- amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance*- amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance*- amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the governing body delegates the authority.

**CENTENNIAL SCHOOL DISTRICT R-1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2016**

- *Unassigned Fund Balance*- amounts that are available for any purpose; these amounts are reported only in the General Fund.

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

***Encumbrances***

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

***Use of Estimates***

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

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Budgets and Budgetary Accounting***

Centennial School District R-1 follows the procedures set forth in the Colorado School District Budget Law when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board of Education no later than June 1 of each year
- 2) Publication of a notice stating that the budget is available for public inspection
- 3) Discussion of the budget in a meeting open to the public
- 4) Adoption of the budget in a public meeting by appropriate resolution

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Board of Education did not adopt supplemental appropriations during fiscal year 2016.

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

***Stewardship***

During FY 2016 expenditures in the General Fund and the Food Service Fund exceeded appropriations by \$5,368 and \$24,622 respectively. This may be a violation of Colorado Revised Statutes 22-44-115(1).

The District had a deficit fund balance of \$29,900 in the Food Service Fund. This is a violation of Colorado Revised Statutes 22-44-105.

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

A summary of Cash, Deposits, and Investments for the District are as follows:

Cash in Banks	\$ 4,840,505
Investments	275,293
Total cash, deposits, and investments on the Statement of Net Position	\$ 5,115,798

***Cash and Deposits***

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

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

***Custodial Credit Risk – Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, \$4,233,693 of the District's bank balance of \$4,915,372 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

***Investments***

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. They include:

- Obligations of the United States and certain U.S. Government agencies' securities
- Certain international agencies' securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper holding the highest credit rating category and with a maturity within 180 days
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

***Custodial Credit Risk – Investments***

State law limits investments for school districts to U.S. treasury issues, other federally backed notes and credits, and other agency offerings. Other investment instruments, including bank obligations, general obligation bonds, and commercial paper, are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds to those institutions with

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over \$1 billion in assets or the highest credit rating from one or more of the nationally recognized rating agencies. COLOTRUST has over \$1 billion in assets, is rated AAAM by Standard and Poor's, and maintains a constant net asset value of \$1 per share. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. Financial statements for COLOTRUST are available at [www.colotrust.com](http://www.colotrust.com).

<b>Investments</b>	<b>Maturity</b>	<b>Total</b>	<b>Rating</b>
ColoTrust	Less than 1 year	\$ 275,293	AAAm

**NOTE 4 PROPERTY TAXES RECEIVABLE**

At June 30, 2016, the District had an estimated property tax receivable of approximately \$69,439.

**NOTE 5 DUE FROM OTHER GOVERNMENTS**

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred. As of June 30, 2016, the District had \$238,737 due from Federal, State, and Local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

**NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

***Interfund Receivables/Payables***

The District reports interfund balances between many of its funds. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at June 30, 2016, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Food Service Fund	\$ 173,562
	Governmental Designated Purpose Grants Fund	191,895
	Student Activity Fund	948
		366,405
Food Service Fund	Governmental Designated Purpose Grants Fund	2,862
Total		\$ 369,267

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***Interfund Transfers***

Interfund transfers for the year ended June 30, 2016, were as follows:

Transfer In	Transfer Out	Amount
Food Service Fund	General Fund	\$ 50,000
Student Activity Fund	General Fund	10,000
Capital Reserve Capital Projects Fund	General Fund	15,000
Total		<u>\$ 75,000</u>

These transfers were made to subsidize the Food Service Fund, Capital Reserve Capital Projects Fund, and Student Activity Fund.

**NOTE 7 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance 6/30/2015	Additions	Deletions	Balance 6/30/2016
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 131,307	\$ -	\$ -	\$ 131,307
Total capital assets not being depreciated	<u>131,307</u>	<u>-</u>	<u>-</u>	<u>131,307</u>
Capital assets being depreciated				
Buildings and Improvements	17,341,446	-	-	17,341,446
Machinery and Equipment	825,526	-	-	825,526
Vehicles	626,137	100,000	-	726,137
Total capital assets being depreciated	<u>18,793,109</u>	<u>100,000</u>	<u>-</u>	<u>18,893,109</u>
Less: accumulated depreciation for				
Buildings and Improvements	1,669,052	344,321	-	2,013,373
Machinery and Equipment	269,163	54,478	-	323,641
Vehicles	575,096	10,201	-	585,297
Total accumulated depreciation	<u>2,513,311</u>	<u>409,000</u>	<u>-</u>	<u>2,922,311</u>
Net Capital Assets being depreciated	16,279,798	(309,000)	-	15,970,798
Total Capital Assets	<u>\$ 16,411,105</u>	<u>\$ (309,000)</u>	<u>\$ -</u>	<u>\$ 16,102,105</u>

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

<i>Governmental activities:</i>	
Instructional Program	\$ 396,499
Operations and Maintenance of Plant Services	2,300
Student Transportation Services	10,201
Total depreciation expense – governmental activities	\$ 409,000

**NOTE 8 ACCRUED SALARIES AND BENEFITS**

The teachers, administrators, and the administrative staff are employed under nine, ten, and twelve month contracts. All District employees are paid on a twelve-month basis; therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$221,472.

**NOTE 9 OPERATING LEASES**

The District has entered into an operating lease arrangement for three copier machines. The lease is considered for accounting purposes as an operating lease. Lease expenses for the year totaled approximately \$12,448.

**NOTE 10 LONG-TERM LIABILITIES**

***Changes in Long-Term Liabilities***

Long-term liability balances for the year ended June 30, 2016, were as follows:

	Balance 6/30/2015	Additions	Deletions	Balance 6/30/2016	Due within One Year
<i>Governmental Activities</i>					
G.O. Bonds Payable - 2008	\$ 415,000	\$ -	\$ 200,000	\$ 215,000	\$ 215,000
G.O. Bonds Payable - 2012	6,010,000	-	-	6,010,000	25,000
Bond Premiums	362,312	-	34,967	327,345	34,967
Compensated Absences	31,315	-	809	30,506	2,419
Total Governmental Activities	\$ 6,818,627	\$ -	\$ 235,776	\$ 6,582,851	\$ 277,386

***General Obligation Bonds, Series 2008***

On January 30, 2008, the District issued \$7,000,000 in general obligation bonds payable to Cede & Co. with interest rates ranging between 4.00% and 5.00%. The District issued the bonds to finance the construction of a new school. Payments are made annually over a twenty-five year period. Final payment is due 2033. Bonds maturing on and before January 15, 2017, are not subject to redemption prior to their respective maturity dates. Bonds maturing on and after January 15, 2018, are subject to redemption prior to maturity at the option of the District. Bonds maturing on January 15, years ending 2023, 2025, 2027, 2030 and 2033 are subject to mandatory sinking fund redemption. The obligation is being serviced by the Debt Service Fund. The building is included in capital assets at

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a cost of \$17,216,034 with accumulated depreciation of \$1,887,960. In fiscal year 2013, \$5,360,000, of the bonds outstanding were refunded in advance through the issuance of General Obligation Refunding Bonds, Series 2012.

***General Obligation Refunding Bonds, Series 2012***

The District issued General Obligation Refunding Bonds, Series 2012 denominations of \$5,000, dated October 30, 2012, total issue \$6,010,000. The bonds were issued to refund a portion of the District's outstanding General Obligation Bonds, Series 2008. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities which were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called on January 15, 2017. The advance refunding meets the requirements of an in-substance debt defeasance and the term bonds were removed from the government-wide financial statements of the District. The outstanding balance of the defeased bonds at June 30, 2016, was \$5,360,000 (Refunded Bonds). The Series 2008 Bonds maturing on January 15 of the years 2016-2017, remaining outstanding in the aggregate principal amount of \$415,000, are not part of the refunding plan.

Interest, at a rate between 1.00% and 3.25%, is payable each January 15th and July 15th. Principal is due January 15, 2017, through maturity on January 15, 2033.

Bonds maturing on and before January 15, 2022, are not subject to redemption prior to their respective maturity dates. The Bonds maturing on and after January 15, 2023, are subject to redemption prior to maturity at the option of the District, in whole or in part in integral multiples of \$5,000, and if in part in such order of maturities as the District shall determine and by lot within a maturity, on January 15, 2022, and on any date thereafter, at a redemption price equal to the principal thereof (with no redemption premium), plus accrued interest to the redemption date.

All bonds noted above are the general obligations of the District and shall be payable from general and valorem taxes required to be levied, without limitation as to rate, and in amounts sufficient to pay the principal and interest on the bonds, on all taxable property of the District, except to the extent other legally available funds are applied for such purpose.

The annual debt service for the general obligation bonds is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 240,000	\$ 227,294	\$ 467,294
2018	305,000	156,044	461,044
2019	315,000	149,944	464,944
2020	325,000	143,644	468,644
2021	330,000	137,144	467,144
2022-2026	1,790,000	572,844	2,362,844
2027-2031	2,020,000	329,925	2,349,925
2032-2033	900,000	44,037	944,037
Total	<u>\$ 6,225,000</u>	<u>\$ 1,760,876</u>	<u>\$ 7,985,876</u>

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**NOTE 11 DEFINED BENEFIT PENSION PLAN**

***General Information about the Pension Plan***

*Plan description.* Eligible employees of the District are provided with pensions through the School Division Trust Fund (SCHDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

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

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the SCHDTF.

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

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

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*Contributions.* Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31,	
	2016	2015
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	-1.02%	-1.02%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.50%	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.50%	4.00%
Total Employer Contribution Rate to the SCHDTF	18.13%	17.33%

<sup>1</sup>Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$278,517, for the year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of \$5,346,556 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District's proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, District's proportion was 0.035 percent, which was an increase of 0.00006 percent from its proportion measured as of December 31, 2014.

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For the year ended June 30, 2016, the District recognized pension expense of \$326,480. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 70,602	\$ 222
Net difference between projected and actual earnings on pension plan investments	454,478	-
Changes in assumptions or other inputs	-	75,556
Changes in proportion	126,956	-
Difference between contributions recognized and proportionate share of contributions	585	-
Contributions subsequent to the measurement date	146,067	-
Total	\$ 798,688	\$ 75,778

\$146,067 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2017	\$ 192,211
2018	170,770
2019	120,639
2020	93,222
Thereafter	-

*Actuarial assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

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The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18 month annual increase timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
  
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The SCHDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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As of the November 15, 2013 adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. Equity- Large Cap	26.76%	5.00%
U.S. Equity- Small Cap	4.40%	5.19%
Non U.S. Equity- Developed	22.06%	5.29%
Non U.S. Equity- Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
<b>Total</b>	<b>100.00%</b>	

\* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

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- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension liability	\$ 6,930,700	\$ 5,346,556	\$ 4,028,845

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

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS**

***Health Care Trust Fund***

*Plan Description* – The District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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*Funding Policy* – The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015, and 2014, the District contributions to the HCTF were \$16,013, \$15,100 and \$13,540, respectively, equal to their required contributions for each year.

**NOTE 13 DEFINED CONTRIBUTION PENSION PLAN**

***Voluntary Investment Program***

*Plan Description* - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the years ended June 30, 2016, program members contributed \$2,013 for the Voluntary Investment Program.

**NOTE 14 JOINT VENTURES AND RELATED PARTIES**

The District participates in the following entities. These joint ventures and related parties do not meet the criteria for inclusion within the reporting entity because the following entities:

- are financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- have a separate governing board from that of the District,
- have a separate management which is responsible for day-to-day operations and is accountable to the separate governing board,
- have governing boards and management with the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome for disposition of matters affecting the recipients of services provided, and
- have absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

**San Luis Valley Board of Cooperative Educational Services (BOCES)**

The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The Board of the BOCES is selected from the elected members of the District Boards. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 7% at June 30, 2016. Complete separate financial statements may be obtained from BOCES.

**CENTENNIAL SCHOOL DISTRICT R-1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2016**

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

The District belongs to the Colorado School Districts' Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, and other coverage. The Board of Directors is composed of eight persons, several of who are appointed by the Board of Directors of CASB and the Executive Director of CASB. The pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the aggregate Pool claims, the cost of administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds, and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as expenditures in the General Fund. The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2016. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

**NOTE 15 COMMITMENTS AND CONTINGENCIES**

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

The District has commitments under contractual agreements for a construction project related to repairing the heating system for the building. Refer to Note 18 for more information.

**NOTE 16 TABOR EMERGENCY RESERVE**

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

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

On November 6, 1996, voters approved a ballot which stated that the District is authorized to collect, retain, and expend all revenues including grants and other funds collected during 1996 and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, provided, however, that no property tax mill levy be increased at any time nor shall any new tax be imposed without the prior approval of the voters.

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. This Emergency Reserve is presented as a restricted fund balance in the General

**CENTENNIAL SCHOOL DISTRICT R-1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2016**

Fund balance sheet and a restricted net position in the government-wide statement of net position. The entity is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

**NOTE 17 RISK MANAGEMENT**

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

**NOTE 18 SPECIAL ITEMS**

The District filed a lawsuit against the mechanical engineer, architect, and general contractor for the new preschool – 12<sup>th</sup> grade school building constructed several years ago. Upon settlement in fiscal year 2016, the District was awarded \$2.55 million. The District incurred \$364,544 of expenses this year relative to the litigation. These amounts are included as special items in the General Fund and Building Fund financial statements and in the government-wide statement of activities. In addition, to repair the damages claimed, the District was awarded a BEST grant in the amount of \$1.12 million that will be used in addition to the award.

## **CENTENNIAL SCHOOL DISTRICT R-1**

### **REQUIRED SUPPLEMENTARY INFORMATION**

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and each of the District's major special revenue funds. Pension plan contributions and the District's proportionate share of the net pension liability is also required to supplement the basic financial statements.

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**CENTENNIAL SCHOOL DISTRICT R-1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended June 30, 2016**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Local Sources	\$ 1,101,640	\$ 1,101,640	\$ 1,093,119	\$ (8,521)
State Sources	1,528,042	1,592,426	1,746,765	154,339
Federal Sources	-	-	228	228
<b>TOTAL REVENUES</b>	<b>2,629,682</b>	<b>2,694,066</b>	<b>2,840,112</b>	<b>146,046</b>
<b>EXPENDITURES</b>				
Instructional Program	1,295,477	1,295,977	1,262,519	33,458
Student Supporting Services	80,022	80,022	80,254	(232)
Instructional Staff Supporting Services	43,072	43,072	39,864	3,208
General Administration Supporting Services	307,382	307,382	364,766	(57,384)
School Administration Supporting Services	157,163	157,163	146,285	10,878
Business Supporting Services	64,222	64,222	60,325	3,897
Operations and Maintenance of Plant Services	312,076	312,076	260,544	51,532
Student Transportation Services	115,412	179,296	221,743	(42,447)
Central Supporting Services	104,000	104,000	113,032	(9,032)
Community Services	75,856	75,856	75,102	754
<b>TOTAL EXPENDITURES</b>	<b>2,554,682</b>	<b>2,619,066</b>	<b>2,624,434</b>	<b>(5,368)</b>
Excess (deficiency) of revenues over expenditures	75,000	75,000	215,678	140,678
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers To Other Funds	(75,000)	(75,000)	(75,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(75,000)</b>	<b>(75,000)</b>	<b>(75,000)</b>	<b>-</b>
<b>SPECIAL ITEM (NOTE 18)</b>				
Litigation Costs	(304,770)	(364,544)	(364,544)	-
<b>TOTAL SPECIAL ITEM</b>	<b>(304,770)</b>	<b>(364,544)</b>	<b>(364,544)</b>	<b>-</b>
Net Change in Fund Balance	(304,770)	(364,544)	(223,866)	140,678
<b>Fund Balance at Beginning of year</b>	<b>1,698,296</b>	<b>1,698,296</b>	<b>1,799,988</b>	<b>101,692</b>
<b>Fund Balance at End of year</b>	<b>\$ 1,393,526</b>	<b>\$ 1,333,752</b>	<b>\$ 1,576,122</b>	<b>\$ 242,370</b>

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

**CENTENNIAL SCHOOL DISTRICT R-1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOOD SERVICE FUND**  
**For the Year Ended June 30, 2016**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Local Sources	\$ 8,139	\$ 8,139	\$ 11,212	\$ 3,073
State Sources	1,000	1,000	978	(22)
Federal Sources	123,131	123,131	118,201	(4,930)
<b>TOTAL REVENUES</b>	<b>132,270</b>	<b>132,270</b>	<b>130,391</b>	<b>(1,879)</b>
<b>EXPENDITURES</b>				
Food Services				
Salaries	79,960	79,960	84,671	(4,711)
Fringe Benefits	31,810	31,810	35,394	(3,584)
Purchased Services	1,900	1,900	1,254	646
Food	65,000	65,000	85,573	(20,573)
Dues and Fees	100	100	-	100
Equipment	3,500	3,500	-	3,500
<b>TOTAL EXPENDITURES</b>	<b>182,270</b>	<b>182,270</b>	<b>206,892</b>	<b>(24,622)</b>
Excess (deficiency) of revenues over expenditures	(50,000)	(50,000)	(76,501)	(26,501)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	50,000	50,000	50,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>
Net Change in Fund Balance	-	-	(26,501)	(26,501)
<b>Fund balance at beginning of year</b>	<b>56,542</b>	<b>56,542</b>	<b>(3,399)</b>	<b>(59,941)</b>
<b>Fund balance at end of year</b>	<b>\$ 56,542</b>	<b>\$ 56,542</b>	<b>\$ (29,900)</b>	<b>\$ (86,442)</b>

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

**CENTENNIAL SCHOOL DISTRICT R-1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND**  
**For the Year Ended June 30, 2016**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Federal Sources	\$ 199,234	\$ 199,234	\$ 140,007	\$ (59,227)
State Sources	-	-	(131)	(131)
<b>TOTAL REVENUES</b>	<u>199,234</u>	<u>199,234</u>	<u>139,876</u>	<u>(59,358)</u>
<b>EXPENDITURES</b>				
Instructional Program	159,817	159,817	134,661	25,156
Student Supporting Services	2,000	2,000	681	1,319
Instructional Staff Supporting Services	30,813	30,813	1,814	28,999
School Administration Supporting Services	6,604	6,604	2,851	3,753
<b>TOTAL EXPENDITURES</b>	<u>199,234</u>	<u>199,234</u>	<u>140,007</u>	<u>59,227</u>
Net Change in Fund Balance	-	-	(131)	(131)
<b>Fund Balance at Beginning of year</b>	<u>9,657</u>	<u>9,657</u>	<u>9,657</u>	<u>-</u>
<b>Fund Balance at End of year</b>	<u>\$ 9,657</u>	<u>\$ 9,657</u>	<u>\$ 9,526</u>	<u>\$ (131)</u>

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP.  
This schedule is presented on the GAAP basis.

**CENTENNIAL SCHOOL DISTRICT R1**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**PERA SCHDTF PENSION PLAN**  
**For the Years Ended June 30,**

	2016	2015	2014
District's proportion of the net pension liability	0.0349578503%	0.0349027099%	0.0328310586%
District's proportionate share of the net pension liability (asset)	\$ 5,346,556	\$ 4,730,490	\$ 4,187,593
District's covered-employee payroll	\$ 1,569,945	\$ 1,480,434	\$ 1,405,967
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	341%	320%	298%
Plan fiduciary net position as a percentage of the total pension liability	59.2%	62.8%	64.1%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

**Notes to Required Supplementary Information:**

See Note 11 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

**CENTENNIAL SCHOOL DISTRICT R1**  
**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**  
**PERA SCHDTF PENSION PLAN**  
**For the Years Ended June 30,**

	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 278,517	\$ 250,068	\$ 225,015	\$ 190,836	\$ 191,251	\$ 172,750
Contributions in relation to the contractually required contribution	(278,517)	(250,068)	(225,015)	(190,836)	(191,251)	(172,750)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	1,569,945	1,480,434	1,405,967	1,263,906	1,346,416	1,299,953
Contributions as a percentage of covered-employee payroll	17.74%	16.89%	16.00%	15.10%	14.20%	13.29%

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

**Notes to Required Supplementary Information:**

See Note 11 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

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**CENTENNIAL SCHOOL DISTRICT R-1**  
**SUPPLEMENTARY INFORMATION**

The combining financial schedules represent the second level of financial reporting for the District. These financial statements present more detailed information for the individual funds in a format that segregates information by fund type.

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**CENTENNIAL SCHOOL DISTRICT R-1  
NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**Student Activity Fund** – Used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenues from pupils, gate receipts, and other fundraising activities.

**CAPITAL PROJECTS FUND**

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

**Capital Reserve Capital Projects Fund** - Used to account for the purposes and limitations specified by Section 22-45-103(1)(c), C.R.S., including the acquisition of sites, buildings, equipment, and vehicles.

**CENTENNIAL SCHOOL DISTRICT R-1  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2016**

	<b>SPECIAL REVENUE FUND</b>	<b>CAPITAL PROJECTS FUND</b>	<b>TOTAL NONMAJOR FUNDS</b>
	<b>STUDENT ACTIVITY FUND</b>	<b>CAPITAL RESERVE FUND</b>	
<b>ASSETS</b>			
Cash and Investments	\$ 85,635	\$ 89,995	\$ 175,630
<b>TOTAL ASSETS</b>	<b>\$ 85,635</b>	<b>\$ 89,995</b>	<b>\$ 175,630</b>
<b>LIABILITIES</b>			
Due to Other Funds	\$ 948	-	\$ 948
<b>TOTAL LIABILITIES</b>	<b>948</b>	<b>-</b>	<b>948</b>
<b>FUND BALANCE</b>			
Committed	84,687	-	84,687
Assigned	-	89,995	89,995
<b>TOTAL FUND BALANCE</b>	<b>84,687</b>	<b>89,995</b>	<b>174,682</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 85,635</b>	<b>\$ 89,995</b>	<b>\$ 175,630</b>

**CENTENNIAL SCHOOL DISTRICT R-1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2016**

	<b>SPECIAL REVENUE FUND</b>	<b>CAPITAL PROJECTS FUND</b>	<b>TOTAL NONMAJOR FUNDS</b>
	<b>STUDENT ACTIVITY FUND</b>	<b>CAPITAL RESERVE FUND</b>	
<b>REVENUES</b>			
Local Sources	\$ 63,520	\$ -	\$ 63,520
<b>TOTAL REVENUES</b>	<b>63,520</b>	<b>-</b>	<b>63,520</b>
<b>EXPENDITURES</b>			
Student Supporting Services	59,680	-	59,680
<b>TOTAL EXPENDITURES</b>	<b>59,680</b>	<b>-</b>	<b>59,680</b>
Excess (deficiency) of revenues over expenditures	3,840	-	3,840
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer In	10,000	15,000	25,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>10,000</b>	<b>15,000</b>	<b>25,000</b>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	13,840	15,000	28,840
<b>Fund Balance at beginning of year</b>	<b>70,847</b>	<b>74,995</b>	<b>145,842</b>
<b>Fund Balance at end of year</b>	<b>\$ 84,687</b>	<b>\$ 89,995</b>	<b>\$ 174,682</b>

**CENTENNIAL SCHOOL DISTRICT R-1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**STUDENT ACTIVITY FUND**  
**For the Year Ended June 30, 2016**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Local Sources	\$ 57,000	\$ 57,000	\$ 63,520	\$ 6,520
<b>TOTAL REVENUES</b>	<u>57,000</u>	<u>57,000</u>	<u>63,520</u>	<u>6,520</u>
<b>EXPENDITURES</b>				
Student Supporting Services	<u>67,000</u>	<u>67,000</u>	<u>59,680</u>	<u>7,320</u>
<b>TOTAL EXPENDITURES</b>	<u>67,000</u>	<u>67,000</u>	<u>59,680</u>	<u>7,320</u>
Excess (deficiency) of revenues over expenditures	<u>(10,000)</u>	<u>(10,000)</u>	<u>3,840</u>	<u>13,840</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	13,840	13,840
<b>Fund Balance at Beginning of year</b>	<u>44,677</u>	<u>44,677</u>	<u>70,847</u>	<u>26,170</u>
<b>Fund Balance at End of year</b>	<u>\$ 44,677</u>	<u>\$ 44,677</u>	<u>\$ 84,687</u>	<u>\$ 40,010</u>

**CENTENNIAL SCHOOL DISTRICT R-1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**CAPITAL RESERVE CAPITAL PROJECTS FUND**  
**For the Year Ended June 30, 2016**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Local Sources	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Reserves	15,000	15,000	-	15,000
<b>TOTAL EXPENDITURES</b>	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Excess (deficiency) of revenues over expenditures	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>15,000</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds	15,000	15,000	15,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	15,000	15,000
<b>Fund Balance at Beginning of year</b>	<u>59,995</u>	<u>59,995</u>	<u>74,995</u>	<u>15,000</u>
<b>Fund Balance at End of year</b>	<u>\$ 59,995</u>	<u>\$ 59,995</u>	<u>\$ 89,995</u>	<u>\$ 30,000</u>

**CENTENNIAL SCHOOL DISTRICT R-1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**BUILDING FUND**  
**For the Year Ended June 30, 2016**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Local Sources	\$ 210	\$ 210	\$ 625	\$ 415
State Sources	-	-	41,482	41,482
<b>TOTAL REVENUES</b>	<u>210</u>	<u>210</u>	<u>42,107</u>	<u>41,897</u>
<b>EXPENDITURES</b>				
Facilities Acquisition and Construction Services	<u>210</u>	<u>139,455</u>	<u>139,455</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>210</u>	<u>139,455</u>	<u>139,455</u>	<u>-</u>
<b>SPECIAL ITEM (NOTE 18)</b>				
Settlement Revenue	<u>-</u>	<u>2,550,000</u>	<u>2,550,000</u>	<u>-</u>
<b>TOTAL SPECIAL ITEM</b>	<u>-</u>	<u>2,550,000</u>	<u>2,550,000</u>	<u>-</u>
Net Change in Fund Balance	-	2,410,755	2,452,652	41,897
<b>Fund Balance at Beginning of year</b>	<u>155,475</u>	<u>155,475</u>	<u>155,717</u>	<u>242</u>
<b>Fund Balance at End of year</b>	<u>\$ 155,475</u>	<u>\$ 2,566,230</u>	<u>\$ 2,608,369</u>	<u>\$ 42,139</u>

**CENTENNIAL SCHOOL DISTRICT R-1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**BOND REDEMPTION FUND**  
**For the Year Ended June 30, 2016**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Local Sources	\$ 468,100	\$ 468,100	\$ 520,547	\$ 52,447
<b>TOTAL REVENUES</b>	<u>468,100</u>	<u>468,100</u>	<u>520,547</u>	<u>52,447</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal	200,000	200,000	200,000	-
Interest	268,100	268,100	243,444	24,656
<b>TOTAL EXPENDITURES</b>	<u>468,100</u>	<u>468,100</u>	<u>443,444</u>	<u>24,656</u>
Net Change in Fund Balance	-	-	77,103	77,103
<b>Fund Balance at Beginning of year</b>	<u>636,274</u>	<u>636,274</u>	<u>721,290</u>	<u>85,016</u>
<b>Fund Balance at End of year</b>	<u>\$ 636,274</u>	<u>\$ 636,274</u>	<u>\$ 798,393</u>	<u>\$ 162,119</u>

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**CENTENNIAL SCHOOL DISTRICT R-1**

**CDE COMPLIANCE SECTION**

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**REPORT ON COMPLIANCE WITH  
CDE-FINANCIAL POLICIES AND PROCEDURES MANUAL**

**Wall,  
Smith,  
Bateman Inc.**

To the Board of Education  
Centennial School District R-1  
San Luis, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Centennial School District R-1 (the District), as of and for the year ended June 30, 2016, which collectively comprise the District's basic financial statements, as listed in the table of contents, and have issued our report thereon dated February 8, 2017.

In connection with our audit, the following items came to our attention that caused us to believe that the District failed to comply with the Colorado Department of Education Financial Policies and Procedures Manual insofar as it relates to financial transparency and accounting matters. The District did not post all required financial information on their website, in a downloadable format, for free public access in accordance with the "Public School Finance Transparency Act". Interfund loans between the General Fund, Food Service Fund, Governmental Designated Purpose Grants Fund, and Student Activity Fund were not repaid within three months after the beginning of the following budget year. In addition, the District expenditures in the General Fund and Food Service Fund exceeded budgeted appropriations by \$5,368 and \$24,622 respectively. Also, the District had a deficit fund balance of \$29,900 in the Food Service Fund. These may be violations of Colorado Revised Statutes 22-44-115(1) and 22-44-105. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Board of Education and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

*Wall, Smith, Bateman Inc.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

February 8, 2017

**Certified Public Accountants**

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**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 0640 - CENTENNIAL R-1  
 Fiscal Year 2015-16  
 Colorado School District/BOCES

**Revenues, Expenditures, & Fund Balance by Fund**

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>						
10 General Fund	1,799,988		2,765,111		2,988,977	1,576,121
18 Risk Mgmt Sub-Fund of General Fund	0		0		0	0
19 Colorado Preschool Program Fund	0		0		0	0
<b>Sub- Total</b>	<b>1,799,988</b>		<b>2,765,111</b>		<b>2,988,977</b>	<b>1,576,121</b>
11 Charter School Fund	0		0		0	0
20,26-29 Special Revenue Fund	0		0		0	0
21 Food Service Spec Revenue Fund	-3,399		180,391		206,892	-29,900
22 Govt Designated-Purpose Grants Fund	9,657		139,877		140,007	9,526
23 Pupil Activity Special Revenue Fund	70,847		73,520		59,680	84,688
24 Full Day Kindergarten Mill Levy Override	0		0		0	0
25 Transportation Fund	0		0		0	0
31 Bond Redemption Fund	721,290		520,547		443,444	798,393
39 Certificate of Participation (COP) Debt Service Fund	0		0		0	0
41 Building Fund	155,717		2,592,107		139,455	2,608,369
42 Special Building Fund	0		0		0	0
43 Capital Reserve Capital Projects Fund	74,995		15,000		0	89,995
<b>Totals</b>	<b>2,829,095</b>		<b>6,286,552</b>		<b>3,978,455</b>	<b>5,137,192</b>
<b>Proprietary</b>						
50 Other Enterprise Funds	0		0		0	0
64 (63) Risk-Related Activity Fund	0		0		0	0
60,65-69 Other Internal Service Funds	0		0		0	0
<b>Totals</b>	<b>0</b>		<b>0</b>		<b>0</b>	<b>0</b>
<b>Fiduciary</b>						
70 Other Trust and Agency Funds	0		0		0	0
72 Private Purpose Trust Fund	0		0		0	0
73 Agency Fund	0		0		0	0
74 Pupil Activity Agency Fund	0		0		0	0
79 GASE JARPermanment Fund	0		0		0	0
85 Foundations	0		0		0	0
<b>Totals</b>	<b>0</b>		<b>0</b>		<b>0</b>	<b>0</b>

FINAL

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