

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

FINANCIAL STATEMENTS

June 30, 2017

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Office of the State Auditor

February 28, 2018



**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, 2017, 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, 2017, 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

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

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.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

February 23, 2018

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

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, 2017. 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 2017

- Total net position as of June 30, 2016 was \$10,675,640. Total Net Position as of June 30, 2017 was \$6,463,126, a decrease of \$4,212,514. Total general fund balance decreased \$29,769.
- General revenues, primarily property taxes and state equalization payments, account for approximately \$3,077,579 or 63% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,795,246 of total revenues.
- The District had \$5,614,364 in expenses related to governmental activities; \$3,819,118 in addition to these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$3,077,579 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 2017 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, 2017 (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, 2017 (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, 2017 (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 2018. 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 2017. A comparative analysis is provided.

Activity Fund:

Total expenditures from the Student Activity Fund for 2016-2017 were \$67,582, an increase of \$7,902 from the fiscal year 2015-2016. Only \$10,000 total transfers from the General Fund were made during the 2016-2017 school year.

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017 (Continued)**

**Table I
Statement of Net Position
June 30, 2016 and 2017**

	Governmental Activities 2016	Governmental Activities 2017
Assets		
Current Assets	\$ 5,534,398	\$ 3,379,748
Capital Assets	16,102,105	15,698,999
Total Assets	21,636,503	19,078,747
Deferred Outflows of Resources		
Pensions	798,688	4,247,148
Deferred Charge on Bond Refunding	719,516	677,191
Total Deferred Outflows of Resources	1,518,204	4,924,339
Liabilities		
Other Liabilities	666,829	802,349
Long-term Liab.	11,667,021	16,620,916
Total Liabilities	12,333,850	17,423,265
Deferred Inflows of Resources		
Pensions	75,778	48,201
Deferred Revenue- Property Tax	69,439	68,494
Total Deferred Inflows of Resources	145,217	116,695
Net Position		
Net Investment in Capital Assets	9,549,760	9,421,620
Restricted for TABOR	77,000	120,000
Restricted for Debt Service	798,393	849,127
Restricted for Preschool	381,916	527,171
Unrestricted	(131,429)	(4,454,792)
Total Net Position	\$ 10,675,640	6,463,126

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017 (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 2016 and 2017**

	Governmental Activities 2016	Governmental Activities 2017
Revenues		
Program Revenues:		
Charges for Services	136,580	135,270
Oper. Grants & Contributions	382,093	1,659,976
Capital Grants & Contributions	59,708	
General Revenues:		
Property Taxes	1,262,835	1,226,620
State Equalization	1,619,853	1,647,042
Other	275,484	203,917
Total Revenues	<u>3,736,553</u>	<u>4,872,825</u>
Expenses		
Instructional Program	1,990,588	2,809,065
Student Support Services	148,679	344,361
Instr. Staff Support Services	47,783	92,695
Gen. Admin. Support Services	400,189	552,072
Sch. Admin. Support Services	168,953	347,116
Business Support Services	67,997	107,910
O&M of Plant Services	278,907	392,851
Student Trans. Services	139,974	170,495
Central Support Services	113,032	112,982
Food Services	224,196	314,017
Community Services	85,386	134,768
Facilities Acq. And Const. Services	139,455	0
Interest on Long-Term Debt	246,219	236,032
Total Expenses	<u>4,051,358</u>	<u>5,614,364</u>
Excess (Deficiency) Before Special Items	(893,186)	(741,539)
Special Items:		
Litigation Costs	(364,544)	-
Settlement Revenue	2,550,000	-
Building Repairs	-	(3,470,975)
Increase (Decrease) in Net Position	<u>1,870,651</u>	<u>(4,212,514)</u>

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017 (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 77%. Normally State and Federal grants and private partnership grants contribute about 10% of revenue. Normally interest on investments, other sources and miscellaneous contribute the remaining 13%.

In fiscal year 2017, the revenue percentage of property taxes and state equalization is 59%, grants 34%, and all other 7%.

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 \$11,433.22 per funded student. In fiscal year 2017, the funded pupil count was 221.7. Funding for the school finance act comes from property taxes, specific ownership taxes, and state equalization. The District received approximately 54% 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, 2017 (Continued)**

**Table III
Cost of Services-Governmental Activities
Fiscal Year 2016 and 2017**

	2016 Total Cost	2017 Total Cost	2016 Net Cost	2017 Net Cost
Instructional Program	1,990,588	2,809,065	(1,703,455.00)	(1,320,438.00)
Student Support Services	148,679	344,361	(85,159.00)	(293,929.00)
Instructional Staff Support Services	47,783	92,695	(47,783.00)	(92,695.00)
General Admin. Support Services	400,189	552,072	(400,189.00)	(552,072.00)
School Admin. Support Services	168,953	347,116	(168,953.00)	(347,116.00)
Business Support Services	67,997	107,910	(67,997.00)	(107,910.00)
Operations & Maintenance of Plant Services	278,907	392,851	(278,907.00)	(392,851.00)
Student Transportation Services	139,974	170,495	(104,485.00)	(135,757.00)
Central Supporting Services	113,032	112,982	(113,032.00)	(112,982.00)
Food Service	224,196	314,017	(93,805.00)	(163,312.00)
Community Services	85,386	134,768	(23,538.00)	(64,024.00)
Facility Acquisition and Construction	139,455	0	(139,455.00)	0.00
Interest on Long-Term Debt	246,219	236,032	(246,219.00)	(236,032.00)
Total	4,051,358	5,614,364	(3,472,977.00)	(3,819,118.00)

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, a decrease of \$2,414,538 to a year end balance of \$193,831.

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 2017, the District had invested \$15,698,999 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, 2017 (Continued)**

**Table IV
Capital Assets at June 30, 2016 and 2017
(Net of depreciation)**

	Governmental Activities 2016	Governmental Activities 2017
Land	\$ 131,307	131,307
Buildings and Improvements	15,328,073	14,983,752
Machinery & Equipment	501,885	459,968
Vehicles	140,840	123,972
Totals	\$ 16,102,105	15,698,999

Long-Term Debt

At June 30, 2017, the District had \$6,277,379 in total long-term debt. Of this amount, \$324,492 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, 2016 and 2017**

	Governmental Activities Due Within One Year/Total Debt 2016		Governmental Activities Due Within One year/Total Debt 2017	
Compensated Absences	\$ 2,419	30,506		
General Obligation Bonds and Premiums	274,967	6,552,345	324,492	6,277,379
	\$ 277,386	6,582,851	\$ 324,492	6,277,379

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017 (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.

1. ECARE representative from the Colorado Department of Education has asked the ECARE reserve be reduced.
2. The Centennial School District should continue to monitor and develop action plans to reduce increased health insurance premiums.
3. The Centennial School District insurance company suggests cost containment procedures be implemented, which will provide a 5% annual savings to workers compensation.
4. HB18-1232—New School Funding Distribution Formula has been introduced.
5. The EARRS grant funding is as follows:
 - a. Year One: \$182,437
 - b. Year Two: \$178,065
 - c. Year Three: \$124,844
 - d. Year Four: \$91,191
6. Centennial School District bus fleet is currently need of replacement. The average price of a new bus is approximately \$110,000.
7. Colorado Department of Education reported enrollment at 210 students in 2017-2018. In 2015-2016 the Colorado Department of Education reported enrollment at 229 students.

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, 2017

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash and Investments	\$ 2,868,568
Accounts Receivable	106,878
Property Tax Receivable	68,494
Inventory	1,225
Due from Other Governments	334,583
Total Current Assets	3,379,748
Noncurrent Assets	
Capital Assets	
Land	131,307
Buildings and Improvements	17,341,446
Machinery and Equipment	839,483
Vehicles	591,737
Less: Accumulated Depreciation	(3,204,974)
Total Noncurrent Assets	15,698,999
TOTAL ASSETS	19,078,747
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	4,247,148
Deferred Charge on Bond Refunding	677,191
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,924,339
LIABILITIES	
Current Liabilities	
Accounts Payable	177,304
Due to Other Governments	79
Accrued Salaries and Benefits	223,798
Accrued Interest Payable	76,676
Premium on Issuance of Bonds	19,492
General Obligation Bonds Payable	305,000
Total Current Liabilities	802,349
Noncurrent Liabilities	
Premium on Issuance of Bonds	272,887
General Obligation Bonds Payable	5,680,000
Pension Liability	10,668,029
Total Noncurrent Liabilities	16,620,916
TOTAL LIABILITIES	17,423,265
DEFERRED INFLOWS OF RESOURCES	
Pensions	48,201
Unavailable Revenue- Property Tax	68,494
TOTAL DEFERRED INFLOWS OF RESOURCES	116,695
NET POSITION	
Net Investment in Capital Assets	9,421,620
Restricted for:	
TABOR	120,000
Debt Service	849,127
Preschool	527,171
Unrestricted	(4,454,792)
TOTAL NET POSITION	\$ 6,463,126

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, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Revenue and Changes in Net Position
					Primary Government
Governmental Activities:					
Instructional Program	\$ 2,809,065	\$ -	\$ 1,488,627	\$ -	\$ (1,320,438)
Student Supporting Services	344,361	50,432	-	-	(293,929)
Instructional Staff Supporting Services	92,695	-	-	-	(92,695)
General Administration Supporting Services	552,072	-	-	-	(552,072)
School Administration Supporting Services	347,116	-	-	-	(347,116)
Business Supporting Services	107,910	-	-	-	(107,910)
Operations and Maintenance of Plant Services	392,851	-	-	-	(392,851)
Student Transportation Services	170,495	-	34,738	-	(135,757)
Central Supporting Services	112,982	-	-	-	(112,982)
Food Services	314,017	14,094	136,611	-	(163,312)
Community Services	134,768	70,744	-	-	(64,024)
Interest on Long-term Debt	236,032	-	-	-	(236,032)
Total Governmental Activities	<u>5,614,364</u>	<u>135,270</u>	<u>1,659,976</u>	<u>-</u>	<u>(3,819,118)</u>
Total Primary Government	<u>\$ 5,614,364</u>	<u>\$ 135,270</u>	<u>\$ 1,659,976</u>	<u>\$ -</u>	<u>\$ (3,819,118)</u>
General Revenues and Transfers					
Taxes:					
General Property Taxes - Net					1,226,620
Other Taxes					196,553
State Equalization					1,647,042
Interest on Investments					7,364
Total General Revenues and Transfers					<u>3,077,579</u>
Special Items (Note 18)					
Building Repairs					(3,470,975)
Total Special Items					<u>(3,470,975)</u>
Change in Net Position					(4,212,514)
Net Position - Beginning of Year					<u>10,675,640</u>
Net Position - End of Year					<u>\$ 6,463,126</u>

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

CENTENNIAL SCHOOL DISTRICT R-1
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2017

	<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>
ASSETS			
Cash and Investments	\$ 1,336,213	\$ 226,169	\$ 116,999
Accounts Receivable	67,714	-	-
Property Tax Receivable	43,395	-	-
Due from Other Funds	284,752	17,928	-
Inventory	-	1,225	-
Due from Other Governments	55,628	804	106,545
TOTAL ASSETS	<u>\$ 1,787,702</u>	<u>\$ 246,126</u>	<u>\$ 223,544</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 3,424	\$ 296	\$ 65
Due to Other Funds	-	106,877	194,855
Due to Other Governments	79	-	-
Accrued Salaries and Benefits	194,451	10,249	19,098
TOTAL LIABILITIES	<u>197,954</u>	<u>117,422</u>	<u>214,018</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Tax	43,395	-	-
FUND BALANCE			
Nonspendable			
Inventory	-	1,225	-
Restricted for			
TABOR 3% Reserve	120,000	-	-
Debt Service	-	-	-
Preschool	527,171	-	-
Committed			
Grants	-	-	9,526
Pupil Activities	-	-	-
Food Service	-	127,479	-
Capital Projects	-	-	-
Unassigned	899,182	-	-
TOTAL FUND BALANCE	<u>1,546,353</u>	<u>128,704</u>	<u>9,526</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,787,702</u>	<u>\$ 246,126</u>	<u>\$ 223,544</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>		
\$ 227,936	\$ 777,771	\$ 183,480	\$ 2,868,568		
-	39,164	-	106,878		
-	25,099	-	68,494		
-	-	-	302,680		
-	-	-	1,225		
139,664	31,942	-	334,583		
<u>\$ 367,600</u>	<u>\$ 873,976</u>	<u>\$ 183,480</u>	<u>\$ 3,682,428</u>		
\$ 173,769	\$ (250)	\$ -	\$ 177,304		
-	-	948	302,680		
-	-	-	79		
-	-	-	223,798		
<u>173,769</u>	<u>(250)</u>	<u>948</u>	<u>703,861</u>		
-	25,099	-	68,494		
-	-	-	1,225		
-	-	-	120,000		
-	849,127	-	849,127		
-	-	-	527,171		
-	-	-	9,526		
-	-	77,537	77,537		
-	-	-	127,479		
193,831	-	104,995	298,826		
-	-	-	899,182		
<u>193,831</u>	<u>849,127</u>	<u>182,532</u>	<u>2,910,073</u>		
<u>\$ 367,600</u>	<u>\$ 873,976</u>	<u>\$ 183,480</u>	<u>\$ 3,682,428</u>		

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CENTENNIAL SCHOOL DISTRICT R-1
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2017

Total governmental fund balances		\$ 2,910,073
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		15,698,999
Deferred charges on bond refunding are not available to pay for current-period expenditures and, therefore, are not reported in the funds statements.		677,191
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.		4,247,148
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
General Obligation Bonds Payable	\$ (5,985,000)	
Accrued Interest Payable	<u>(76,676)</u>	
		(6,061,676)
Net pension liabilities are not due and payable in the current period and are not reported in the funds.		(10,668,029)
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		(292,379)
Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds.		<u>(48,201)</u>
Net position of governmental activities		<u><u>\$ 6,463,126</u></u>

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, 2017

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>GENERAL FUND</u>	<u>FOOD SERVICE FUND</u>	<u>GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND</u>
REVENUES			
Local Sources	\$ 1,023,526	\$ 14,094	\$ -
State Sources	1,896,718	1,019	-
Federal Sources	236	135,592	175,364
TOTAL REVENUES	<u>2,920,480</u>	<u>150,705</u>	<u>175,364</u>
EXPENDITURES			
Instructional Program	1,210,239	-	145,833
Student Supporting Services	222,624	-	8,022
Instructional Staff Supporting Services	54,392	-	843
General Administration Supporting Services	364,220	-	-
School Administration Supporting Services	202,814	-	20,666
Business Supporting Services	62,884	-	-
Operations and Maintenance of Plant Services	283,708	-	-
Student Transportation Services	110,262	-	-
Central Supporting Services	112,982	-	-
Food Services	-	215,662	-
Community Services	77,563	-	-
Debt Service	-	-	-
TOTAL EXPENDITURES	<u>2,701,688</u>	<u>215,662</u>	<u>175,364</u>
Excess (deficiency) of revenues over expenditures	<u>218,792</u>	<u>(64,957)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfer From Other Funds	-	223,561	-
Transfer To Other Funds	(248,561)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(248,561)</u>	<u>223,561</u>	<u>-</u>
SPECIAL ITEMS (NOTE 18)			
Building Repairs	-	-	-
TOTAL SPECIAL ITEMS	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(29,769)	158,604	-
FUND BALANCE at Beginning of Year	<u>1,576,122</u>	<u>(29,900)</u>	<u>9,526</u>
FUND BALANCE at End of Year	<u>\$ 1,546,353</u>	<u>\$ 128,704</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>
\$ 1,810	\$ 519,407	\$ 50,432	\$ 1,609,269
1,054,627	-	-	2,952,364
-	-	-	311,192
<u>1,056,437</u>	<u>519,407</u>	<u>50,432</u>	<u>4,872,825</u>
-	-	-	1,356,072
-	-	67,582	298,228
-	-	-	55,235
-	-	-	364,220
-	-	-	223,480
-	-	-	62,884
-	-	-	283,708
-	-	-	110,262
-	-	-	112,982
-	-	-	215,662
-	-	-	77,563
-	468,673	-	468,673
-	<u>468,673</u>	<u>67,582</u>	<u>3,628,969</u>
<u>1,056,437</u>	<u>50,734</u>	<u>(17,150)</u>	<u>1,243,856</u>
-	-	25,000	248,561
-	-	-	(248,561)
-	-	<u>25,000</u>	<u>-</u>
<u>3,470,975</u>	<u>-</u>	<u>-</u>	<u>3,470,975</u>
<u>3,470,975</u>	<u>-</u>	<u>-</u>	<u>3,470,975</u>
(2,414,538)	50,734	7,850	(2,227,119)
<u>2,608,369</u>	<u>798,393</u>	<u>174,682</u>	<u>5,137,192</u>
<u>\$ 193,831</u>	<u>\$ 849,127</u>	<u>\$ 182,532</u>	<u>\$ 2,910,073</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, 2017

Net change in fund balances - total governmental funds \$ (2,227,119)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the activity in the capital assets in the current period.

Capital Asset Addition	\$	13,957	
Depreciation expense		(417,063)	
		(403,106)	(403,106)

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.

Principal payment on general obligation bonds	240,000
---	---------

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.

Accretion of Bond Premium	34,966
---------------------------	--------

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.

Amortization of Deferred Charge on Refunding	(42,325)
--	----------

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.

Compensated Absences	30,506
----------------------	--------

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.

(1,845,436)

Change in net position of governmental activities

\$ (4,212,514)

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

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, 2017

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.

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.

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

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, 2017, 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:

Assets	Years
Buildings and Improvements	50
Machinery and Equipment	5-15
Vehicles	6-10

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 another 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

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

method. Bond premiums net of amortization were \$292,379, at June 30, 2017. 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.

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.

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

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.
- *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.

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

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.

Reclassification

Certain amounts in fiscal year 2016 have been reclassified to conform to fiscal year 2017 financial statement presentation.

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 2017.

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

Stewardship

During FY 2017 expenditures exceeded appropriations in the funds listed below. This may be a violation of Colorado Revised Statutes 22-44-115(1).

Food Service Fund	\$	32,992
Governmental Designated Purpose Grants Fund	\$	6,835
Student Activity Fund	\$	582
Building Fund	\$	2,470,765
Bond Redemption Fund	\$	573

Also, the District budgeted for a deficit fund balance of \$30,300 in the Food Service Fund. This may be a violation of Colorado Revised Statutes 22-44-102(7.3).

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

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

Cash in Banks	\$ 2,591,080
Investments	277,488
Total cash, deposits, and investments on the Statement of Net Position	\$ 2,868,568

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, \$2,239,722 of the District's bank balance of \$2,921,673 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 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

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

per share. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. Financial statements for COLOTRUST are available at www.colotruster.com.

Investments	Maturity	Total	Rating
ColoTrust	Less than 1 year	\$ 277,488	AAAm

NOTE 4 PROPERTY TAXES RECEIVABLE

At June 30, 2017, the District had an estimated property tax receivable of approximately \$68,494.

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, 2017, the District had \$334,583 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, 2017, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Food Service Fund	\$ 106,877
	Governmental Designated Purpose Grants Fund	176,927
	Student Activity Fund	948
		284,752
Food Service Fund	Governmental Designated Purpose Grants Fund	17,928
Total		\$ 302,680

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

Interfund Transfers

Interfund transfers for the year ended June 30, 2017, were as follows:

Transfer In	Transfer Out	Amount
Food Service Fund	General Fund	\$ 223,561
Student Activity Fund	General Fund	10,000
Capital Reserve Capital Projects Fund	General Fund	15,000
Total		<u>\$ 248,561</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, 2017, was as follows:

	Balance 06/30/2016	Additions	Deletions	Balance 06/30/2017
<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	13,957	-	839,483
Vehicles	726,137	-	(134,400)	591,737
Total capital assets being depreciated	<u>18,893,109</u>	<u>13,957</u>	<u>(134,400)</u>	<u>18,772,666</u>
Less: accumulated depreciation for				
Buildings and Improvements	2,013,373	344,321	-	2,357,694
Machinery and Equipment	323,641	55,874	-	379,515
Vehicles	585,297	16,868	(134,400)	467,765
Total accumulated depreciation	<u>2,922,311</u>	<u>417,063</u>	<u>(134,400)</u>	<u>3,204,974</u>
Net Capital Assets being depreciated	<u>15,970,798</u>	<u>(403,106)</u>	<u>-</u>	<u>15,567,692</u>
Total Capital Assets	<u>\$ 16,102,105</u>	<u>\$ (403,106)</u>	<u>\$ -</u>	<u>\$ 15,698,999</u>

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

<i>Governmental activities:</i>	
Instructional Program	\$ 397,895
Operations and Maintenance of Plant Services	2,300
Student Transportation Services	16,868
Total depreciation expense – governmental activities	\$ 417,063

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 \$223,798.

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 \$12,342.

NOTE 10 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Long-term liability balances for the year ended June 30, 2017, were as follows:

	Balance 06/30/2016	Additions	Deletions	Balance 06/30/2017	Due within One Year
<i>Governmental Activities</i>					
G.O. Bonds Payable - 2008	\$ 215,000	\$ -	\$ (215,000)	\$ -	\$ -
G.O. Bonds Payable - 2012	6,010,000	-	(25,000)	5,985,000	305,000
Bond Premiums	327,345	-	(34,966)	292,379	19,492
Compensated Absences	30,506	-	(30,506)	-	-
Total Governmental Activities	\$ 6,582,851	\$ -	\$ (305,472)	\$ 6,277,379	\$ 324,492

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 a cost of \$17,216,034 with accumulated depreciation of \$2,232,281. 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.

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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, 2017, was zero (Refunded Bonds). The Series 2008 Bonds matured on January 15, 2017.

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
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	340,000	130,544	470,544
2023-2027	1,830,000	530,725	2,360,725
2028-2032	2,085,000	270,750	2,355,750
2033	455,000	14,788	469,788
Total	<u>\$ 5,985,000</u>	<u>\$ 1,533,583</u>	<u>\$ 7,518,583</u>

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.

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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	2017
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) ¹	-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 ¹	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.50%	5.00%
Total Employer Contribution Rate to the SCHDTF	18.13%	18.63%

¹Rates 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 \$300,188, for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$10,668,029 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District's proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, District's proportion was 0.036 percent, which was an increase of 0.001 percent from its proportion measured as of December 31, 2015.

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For the year ended June 30, 2017, the District recognized pension expense of \$1,845,436. At June 30, 2017, 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	\$ 133,367	\$ -
Changes of assumptions or other inputs	3,461,552	48,107
Net difference between projected and actual earnings on pension plan investments	356,717	94
Change in proportionate share	140,809	-
Contributions subsequent to the measurement date	154,703	-
Total	<u>\$ 4,247,148</u>	<u>\$ 48,201</u>

\$154,703 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,	
2018	\$ 1,649,787
2019	1,599,693
2020	791,205
2021	3,558
2022	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2015 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
Discount rate	7.50 percent
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)

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

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Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 percent
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

Mortality rates used in the December 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 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.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA’s Board on November 18, 2016 to more closely reflect PERA’s actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016 these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy post-retirement mortality assumptions reflect the RP-2014 White Collar Employee Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

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The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions change, effective December 31, 2016 as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant 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.

As of the November 18, 2016 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>30 Year Expected Geometric Real Rate of Return</u>
U.S. Equity- Large Cap	21.20%	4.30%
U.S. Equity- Small Cap	7.42%	4.80%
Non U.S. Equity- Developed	18.55%	5.20%
Non U.S. Equity- Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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Discount rate. The discount rate used to measure the total pension liability was 5.26 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:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- 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 3.50%.
- 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 and effective as of the measurement date, 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.
- 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 assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the projection test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments

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to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent, 2.24 percent higher compared to the current 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 5.26 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 (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	\$ 13,414,704	\$ 10,668,029	\$ 8,430,962

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.

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.

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, 2017, 2016, and 2015, the District contributions to the HCTF were \$16,655, \$16,013 and \$15,100, 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.

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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, 2017, program members contributed \$4,449 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, 2017. Complete separate financial statements may be obtained from BOCES.

Colorado School Districts' Self-Insurance Pool

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

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as expenditures in the General Fund. The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2017. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

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NOTE 15 COMMITMENTS AND CONTINGENCIES

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

NOTE 16 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 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

In fiscal year 2016 the District settled a lawsuit for \$2.55 million against the mechanical engineer, architect, and general contractor for the new preschool – 12th grade school building constructed several years ago. 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. The expense incurred for building repairs is included as a special item in the Building Fund financial statements and in the government-wide statement of activities.

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, 2017

	<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>
REVENUES				
Local Sources	\$ 1,101,640	\$ 1,101,640	\$ 1,023,526	\$ (78,114)
State Sources	1,525,442	1,525,442	1,896,718	371,276
Federal Sources	-	-	236	236
TOTAL REVENUES	<u>2,627,082</u>	<u>2,627,082</u>	<u>2,920,480</u>	<u>293,398</u>
EXPENDITURES				
Instructional Program	1,323,875	1,323,875	1,210,239	113,636
Student Supporting Services	233,749	233,749	222,624	11,125
Instructional Staff Supporting Services	55,833	55,833	54,392	1,441
General Administration Supporting Services	378,748	378,748	364,220	14,528
School Administration Supporting Services	204,756	204,756	202,814	1,942
Business Supporting Services	67,283	67,283	62,884	4,399
Operations and Maintenance of Plant Services	287,698	287,698	283,708	3,990
Student Transportation Services	92,624	92,624	110,262	(17,638)
Central Supporting Services	111,000	111,000	112,982	(1,982)
Community Services	77,886	77,886	77,563	323
TOTAL EXPENDITURES	<u>2,833,452</u>	<u>2,833,452</u>	<u>2,701,688</u>	<u>131,764</u>
Excess (deficiency) of revenues over expenditures	<u>(206,370)</u>	<u>(206,370)</u>	<u>218,792</u>	<u>425,162</u>
OTHER FINANCING SOURCES (USES)				
Transfers To Other Funds	<u>(75,000)</u>	<u>(75,000)</u>	<u>(248,561)</u>	<u>(173,561)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(248,561)</u>	<u>(173,561)</u>
Net Change in Fund Balance	<u>(281,370)</u>	<u>(281,370)</u>	<u>(29,769)</u>	<u>251,601</u>
Fund Balance at Beginning of year	<u>1,576,122</u>	<u>1,576,122</u>	<u>1,576,122</u>	<u>-</u>
Fund Balance at End of year	<u>\$ 1,294,752</u>	<u>\$ 1,294,752</u>	<u>\$ 1,546,353</u>	<u>\$ 251,601</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 R-1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2017

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 8,139	\$ 8,139	\$ 14,094	\$ 5,955
State Sources	1,000	1,000	1,019	19
Federal Sources	123,131	123,131	135,592	12,461
TOTAL REVENUES	<u>132,270</u>	<u>132,270</u>	<u>150,705</u>	<u>18,435</u>
EXPENDITURES				
Food Services				
Salaries	78,960	78,960	89,964	(11,004)
Fringe Benefits	32,073	32,073	37,293	(5,220)
Purchased Services	1,400	1,400	1,765	(365)
Food	68,937	68,937	86,640	(17,703)
Dues and Fees	100	100	-	100
Equipment	1,200	1,200	-	1,200
TOTAL EXPENDITURES	<u>182,670</u>	<u>182,670</u>	<u>215,662</u>	<u>(32,992)</u>
Excess (deficiency) of revenues over expenditures	<u>(50,400)</u>	<u>(50,400)</u>	<u>(64,957)</u>	<u>(14,557)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	50,000	50,000	223,561	173,561
TOTAL OTHER FINANCING SOURCES (USES)	<u>50,000</u>	<u>50,000</u>	<u>223,561</u>	<u>173,561</u>
Net Change in Fund Balance	(400)	(400)	158,604	159,004
Fund balance at beginning of year	<u>(29,900)</u>	<u>(29,900)</u>	<u>(29,900)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (30,300)</u>	<u>\$ (30,300)</u>	<u>\$ 128,704</u>	<u>\$ 159,004</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 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, 2017

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Federal Sources	\$ 199,234	\$ 199,234	\$ 175,364	\$ (23,870)
TOTAL REVENUES	<u>199,234</u>	<u>199,234</u>	<u>175,364</u>	<u>(23,870)</u>
EXPENDITURES				
Instructional Program	141,536	141,536	145,833	(4,297)
Student Supporting Services	2,000	2,000	8,022	(6,022)
Instructional Staff Supporting Services	20,813	20,813	843	19,970
School Administration Supporting Services	4,180	4,180	20,666	(16,486)
TOTAL EXPENDITURES	<u>168,529</u>	<u>168,529</u>	<u>175,364</u>	<u>(6,835)</u>
Net Change in Fund Balance	30,705	30,705	-	(30,705)
Fund Balance at Beginning of year	<u>9,526</u>	<u>9,526</u>	<u>9,526</u>	<u>-</u>
Fund Balance at End of year	<u>\$ 40,231</u>	<u>\$ 40,231</u>	<u>\$ 9,526</u>	<u>\$ (30,705)</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,

	2017	2016	2015	2014
District's proportion of the net pension liability	0.0358301782%	0.0349578503%	0.0349027099%	0.0328310586%
District's proportionate share of the net pension liability (asset)	\$ 10,668,029	\$ 5,346,556	\$ 4,730,490	\$ 4,187,593
District's covered payroll	\$ 1,608,123	\$ 1,523,455	\$ 1,462,096	\$ 1,323,522
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	663%	351%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	43.1%	59.2%	62.8%	64.1%

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

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

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,

	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 300,188	\$ 278,517	\$ 250,068	\$ 225,015	\$ 190,836	\$ 191,251	\$ 172,750
Contributions in relation to the contractually required contribution	(300,188)	(278,517)	(250,068)	(225,015)	(190,836)	(191,251)	(172,750)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	1,632,853	1,569,945	1,480,434	1,405,967	1,263,906	1,346,416	1,299,953
Contributions as a percentage of covered payroll	18.38%	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, 2017**

	<u>SPECIAL REVENUE FUND STUDENT ACTIVITY FUND</u>	<u>CAPITAL PROJECTS FUND CAPITAL RESERVE FUND</u>	<u>TOTAL NONMAJOR FUNDS</u>
ASSETS			
Cash and Investments	\$ 78,485	\$ 104,995	\$ 183,480
TOTAL ASSETS	<u>\$ 78,485</u>	<u>\$ 104,995</u>	<u>\$ 183,480</u>
LIABILITIES			
Due to Other Funds	\$ 948	\$ -	\$ 948
TOTAL LIABILITIES	<u>948</u>	<u>-</u>	<u>948</u>
FUND BALANCE			
Committed	<u>77,537</u>	<u>104,995</u>	<u>182,532</u>
TOTAL FUND BALANCE	<u>77,537</u>	<u>104,995</u>	<u>182,532</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 78,485</u>	<u>\$ 104,995</u>	<u>\$ 183,480</u>

CENTENNIAL SCHOOL DISTRICT R-1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	SPECIAL REVENUE FUND STUDENT ACTIVITY FUND	CAPITAL PROJECTS FUND CAPITAL RESERVE FUND	TOTAL NONMAJOR FUNDS
REVENUES			
Local Sources	\$ 50,432	\$ -	\$ 50,432
TOTAL REVENUES	<u>50,432</u>	<u>-</u>	<u>50,432</u>
EXPENDITURES			
Student Supporting Services	67,582	-	67,582
TOTAL EXPENDITURES	<u>67,582</u>	<u>-</u>	<u>67,582</u>
Excess (deficiency) of revenues over expenditures	<u>(17,150)</u>	<u>-</u>	<u>(17,150)</u>
OTHER FINANCING SOURCES (USES)			
Transfer In	10,000	15,000	25,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>15,000</u>	<u>25,000</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(7,150)	15,000	7,850
Fund Balance at beginning of year	<u>84,687</u>	<u>89,995</u>	<u>174,682</u>
Fund Balance at end of year	<u>\$ 77,537</u>	<u>\$ 104,995</u>	<u>\$ 182,532</u>

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, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Local Sources	\$ 57,000	\$ 57,000	\$ 50,432	\$ (6,568)
TOTAL REVENUES	<u>57,000</u>	<u>57,000</u>	<u>50,432</u>	<u>(6,568)</u>
EXPENDITURES				
Student Supporting Services	<u>67,000</u>	<u>67,000</u>	<u>67,582</u>	<u>(582)</u>
TOTAL EXPENDITURES	<u>67,000</u>	<u>67,000</u>	<u>67,582</u>	<u>(582)</u>
Excess (deficiency) of revenues over expenditures	<u>(10,000)</u>	<u>(10,000)</u>	<u>(17,150)</u>	<u>(7,150)</u>
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	(7,150)	(7,150)
Fund Balance at Beginning of year	<u>84,687</u>	<u>84,687</u>	<u>84,687</u>	<u>-</u>
Fund Balance at End of year	<u>\$ 84,687</u>	<u>\$ 84,687</u>	<u>\$ 77,537</u>	<u>\$ (7,150)</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, 2017

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Reserves	15,000	15,000	-	15,000
TOTAL EXPENDITURES	<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>
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds	15,000	15,000	15,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	15,000	15,000
Fund Balance at Beginning of year	<u>89,995</u>	<u>89,995</u>	<u>89,995</u>	<u>-</u>
Fund Balance at End of year	<u>\$ 89,995</u>	<u>\$ 89,995</u>	<u>\$ 104,995</u>	<u>\$ 15,000</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, 2017

	<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>
REVENUES				
Local Sources	\$ 210	\$ 210	\$ 1,810	\$ 1,600
State Sources	-	-	1,054,627	1,054,627
TOTAL REVENUES	<u>210</u>	<u>210</u>	<u>1,056,437</u>	<u>1,056,227</u>
EXPENDITURES				
Facilities Acquisition and Construction Services	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
SPECIAL ITEM (NOTE 18)				
Building Repairs	1,000,210	1,000,210	3,470,975	(2,470,765)
TOTAL SPECIAL ITEM	<u>1,000,210</u>	<u>1,000,210</u>	<u>3,470,975</u>	<u>(2,470,765)</u>
Net Change in Fund Balance	(1,000,000)	(1,000,000)	(2,414,538)	(1,414,538)
Fund Balance at Beginning of year	<u>2,608,369</u>	<u>2,608,369</u>	<u>2,608,369</u>	<u>-</u>
Fund Balance at End of year	<u>\$ 1,608,369</u>	<u>\$ 1,608,369</u>	<u>\$ 193,831</u>	<u>\$ (1,414,538)</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, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Local Sources	\$ 468,100	\$ 468,100	\$ 519,407	\$ 51,307
TOTAL REVENUES	<u>468,100</u>	<u>468,100</u>	<u>519,407</u>	<u>51,307</u>
EXPENDITURES				
Debt Service				
Principal	200,000	200,000	240,000	(40,000)
Interest	268,100	268,100	228,673	39,427
TOTAL EXPENDITURES	<u>468,100</u>	<u>468,100</u>	<u>468,673</u>	<u>(573)</u>
Net Change in Fund Balance	-	-	50,734	50,734
Fund Balance at Beginning of year	<u>798,393</u>	<u>798,393</u>	<u>798,393</u>	<u>-</u>
Fund Balance at End of year	<u>\$ 798,393</u>	<u>\$ 798,393</u>	<u>\$ 849,127</u>	<u>\$ 50,734</u>

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CENTENNIAL SCHOOL DISTRICT R-1

CDE COMPLIANCE SECTION



Wall,
Smith,
Bateman Inc.

REPORT ON COMPLIANCE WITH CDE-FINANCIAL POLICIES AND PROCEDURES MANUAL

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, 2017, which collectively comprise the District's basic financial statements, as listed in the table of contents, and have issued our report thereon dated February 23, 2018.

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 accounting matters. The District expenditures exceeded budgeted appropriations in the Food Service Fund, Governmental Designated Purpose Grants Fund, Student Activity Fund, Building Fund, and Bond Redemption Fund. Also, the District budgeted for a deficit fund balance in the Food Service Fund. These may be violations of Colorado Revised Statutes 22-44-115(1) and 22-44-102(7.3). 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 23, 2018

Certified Public Accountants



Colorado Department of Education
Auditors Integrity Report
 District 0640 - CENTENNIAL R-1
 Fiscal Year 2016-17
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	1,576,121		2,671,918		2,701,687		1,546,352
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
Sub-Total	1,576,121		2,671,918		2,701,687		1,546,352
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
21 Food Service Spec Revenue Fund	-29,900		374,265		215,663		128,702
22 Govt Designated-Purpose Grants Fund	9,526		175,364		175,364		9,527
23 Pupil Activity Special Revenue Fund	84,688		60,432		67,583		77,537
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	798,383		519,407		468,673		849,127
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	2,608,369		1,056,437		3,470,975		193,831
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	89,995		15,000		0		104,995
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	5,137,192		4,672,823		7,095,945		2,910,070
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	0		0		0		0
79 GASB 34/Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	0		0		0		0
FINAL							0