

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

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORTS**

**FOR THE YEAR ENDING
JUNE 30, 2018**

CENTENNIAL SCHOOL DISTRICT R-1

SAN LUIS, COLORADO

ROSTER OF SCHOOL OFFICIALS

JUNE 30, 2018

BOARD OF EDUCATION

Lori Espinoza – President
Carlos DeLeon – Vice-President
Lucas Casias – Secretary
Dwight Mondragon – Member
Joseph Arellano - Member

ADMINISTRATIVE STAFF

Lance Northey
Superintendent of Schools

Frances Rodriguez
Business Manager

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information - Unaudited)

Centennial School District RE-1 Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

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, 2018. 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 2018

- Total net position as of June 30, 2017 was \$6,463,126. Total Net Position as of June 30, 2018 was \$7,586,051, an increase of \$1,122,925 which includes a prior period restatement of \$3,376,189. Total general fund balance decreased \$17,944 with a restatement.
- General revenues, primarily property taxes and state equalization payments, account for approximately \$3,302,331 or 84% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$646,127 of total revenues.
- The District had \$6,201,722 in expenses related to governmental activities; \$646,127 in addition to these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$3,302,331 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 2018 fiscal year and was subsidized by the General Fund.

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).

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) Other Governmental Fund (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.

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 2019. 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 2018. A comparative analysis is provided.

Activity Fund:

Total expenditures from the Student Activity Fund for 2017-2018 were \$28,855, a decrease of \$38,727 from the fiscal year 2016-2017. Only \$10,000 total transfers from the General Fund were made during the 2017- 2018 school year.

	Governmental	
	Activities	
	2018	2017
Current & Other Assets	\$ 3,795,265	\$ 3,379,748
Capital Assets - Net	19,852,025	15,698,999
Total Deferred Outflow s of Financial Resources	3,619,594	4,924,339
Total Assets	27,266,884	24,003,086
Current Liabilities	786,122	802,349
Non-Current Liabilities	17,817,999	16,620,916
Total Liabilities	18,604,121	17,423,265
Deferred Inflow s of Resources	1,076,711	116,695
Net Investment in Capital Assets	13,563,739	9,421,620
Restricted Net Position	1,605,410	1,496,298
Unrestricted Net Position	(7,583,097)	(4,454,792)
Total Net Position	7,586,052	6,463,126
Total Liabilities, Deferred Inflows and Net Position	\$ 27,266,884	\$ 24,003,086

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

	Governmental Activities	
	2018	2017
Program Revenues:		
Charges for Services	\$ 113,009	\$ 135,270
Operating Grants	508,545	1,659,976
Capital Grants	24,573	-
Total Program Revenues	<u>646,127</u>	<u>1,795,246</u>
General Revenues:		
Taxes	1,571,731	1,226,620
State Equalization	1,549,918	1,647,042
Investment Income	11,358	-
Gain (Loss) on Capital Asset Disposals	5,587	-
Insurance Proceeds	54,015	-
Miscellaneous	109,723	203,917
Total General Revenues	<u>3,302,332</u>	<u>3,077,579</u>
Total Revenues	<u>3,948,459</u>	<u>4,872,825</u>
Expenses		
Instruction	3,209,232	2,809,065
Supporting Services	2,819,196	2,569,267
Invested in Long Term Debt	173,294	236,032
Total Expenses	<u>6,201,722</u>	<u>5,614,364</u>
Special Items:	-	(3,470,975)
Change in Net Position	<u>(2,253,263)</u>	<u>(4,212,514)</u>
Net Position - Beginning	6,463,126	10,675,640
Prior Period Restatement	3,376,189	-
Net Position - Beginning (As Restated)	<u>9,839,315</u>	<u>10,675,640</u>
Net Position - Ending	<u>\$ 7,586,052</u>	<u>\$ 6,463,126</u>

In the previous year, property taxes and per pupil state formula revenue (state equalization) accounted for most of the District's revenue, contributing about 63%. Normally State and Federal grants and private partnership grants contribute about 34% of revenue. Normally interest on investments, other sources and miscellaneous contribute the remaining 3%.

In fiscal year 2018, the revenue percentage of property taxes and state equalization is 79%, grants 13%, and all other 8%.

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 \$13,470.21 per funded student. In fiscal year 2018, the funded pupil count was 217.2. Funding for the school finance act comes from property taxes, specific ownership taxes, and state equalization. The District received approximately 39% 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.

	2017	2018	2017	2018
	Total Cost	Total Cost	Net Cost	Net Cost
Instructional Program	2,809,065	3,209,232	(1,320,438)	(3,042,709)
Student Support Services	344,361	2,819,196	(293,929)	(2,339,592)
Instructional Staff Support Services	92,695	-	(92,695)	-
General Admin. Support Services	552,072	-	(552,072)	-
School Admin. Support Services	347,116	-	(347,116)	-
Business Support Services	107,910	-	(107,910)	-
Operations & Maintenance of Plant Services	392,851	-	(392,851)	-
Student Transportation Services	170,495	-	(135,757)	-
Central Supporting Services	112,982	-	(112,982)	-
Food Service	314,017	-	(163,312)	-
Community Services	134,768	-	(64,024)	-
Facility Acquisition and Construction	-	-	-	-
Interest on Long-Term Debt	236,032	173,294	(2,361,032)	(173,294)
Total	5,614,364	6,201,722	(3,819,118)	(5,555,595)

Financial Analysis of the District's Funds

Information about the District's funds starts on page 5. 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 food service fund, a decrease of \$52,502 to a year-end balance of \$76,202.

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 2018, the District had invested \$22,908,662 in a broad range of capital assets, including land, buildings and improvements, machinery and equipment, and vehicles.

	Balance As Restated 06/30/17	Additions	Deletions	Balance 06/30/18
<u>Governmental Activities:</u>				
Capital Assets, not being depreciated:				
Land	\$ 131,307	\$ -	\$ -	131,307
Construction in Progress	3,793,790	-	3,793,790	-
Total Capital Assets not being depreciated	<u>3,925,097</u>	<u>-</u>	<u>3,793,790</u>	<u>131,307</u>
Capital Assets, being depreciated:				
Buildings and Improvements	17,341,446	3,882,887	-	21,224,333
Transportation Equipment	591,737	-	-	591,737
Other Equipment	839,483	121,802	-	961,285
Total Capital Assets being depreciated	<u>18,772,666</u>	<u>4,004,689</u>	<u>-</u>	<u>22,777,355</u>
Accumulated Depreciation:				
Buildings and Improvements	(2,357,694)	(383,149)	-	(2,740,843)
Transportation Equipment	(467,765)	(16,867)	-	(484,632)
Other Equipment	(379,515)	(59,933)	-	(439,448)
Total Accum. Depreciation	<u>(3,204,974)</u>	<u>(459,949)</u>	<u>-</u>	<u>(3,664,923)</u>
Net Governmental Capital Assets	<u>\$ 19,492,789</u>	<u>\$ 3,544,740</u>	<u>\$ -</u>	<u>\$ 19,243,739</u>

Long Term Debt

At June 30, 2018, the District had \$17,569,323 in total long-term debt. Of this amount, \$315,000 is due within one year. Table v details the outstanding debt and the portion due within one year for the District.

Long term debt table

	Restated Balance 6/30/17	Advances	Payments	Balance 6/30/18	Current Portion	Interest Expense
<u>Governmental Activities</u>						
2012 GO Bonds	\$ 5,985,000	\$ -	\$ (305,000)	\$ 5,680,000	\$ 315,000	\$ 156,044
PERA OPEB Liability	264,056	-	(145)	262,641	-	-
PERA Net Pension Obligation	10,668,030	833,282	-	11,501,312	-	-
Accrued Compensated Absences	-	125,370	-	125,370	-	-
Total Long-Term Obligations	<u>\$ 16,917,086</u>	<u>\$ 958,652</u>	<u>\$ (306,415)</u>	<u>\$ 17,569,323</u>	<u>\$ 315,000</u>	<u>\$ 156,044</u>
Deferred Charge on Refunding	<u>\$ 677,191</u>	<u>\$ -</u>	<u>\$ (68,905)</u>	<u>\$ 608,286</u>	<u>\$ -</u>	<u>\$ -</u>

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. 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
5. Centennial School District bus fleet is currently need of replacement. The average price of a new bus is approximately \$110,000.
6. Colorado Department of Education reported enrollment at 217 students in 2018-2019. In 2016-2017 the Colorado Department of Education reported enrollment at 191 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.

FINANCIAL SECTION

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

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

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the related notes to the financial statements of the Centennial School District R-1, Colorado, as of and for the year ended June 30, 2018, which collectively comprise the basic financial statements of the District, 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 the 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 of 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 controls. 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.

Opinion

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 Centennial School District R-1, Colorado, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the 2017 financial statements have been restated to reflect the adoption of GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of the standard required restatement of the beginning June 30, 2018 fiscal year net position. The District also recorded prior period restatements related to food service receivables, accounts payable and capital assets in governmental activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M9 and pension schedules on pages 42 - 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.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 46 - 48 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. In addition, the budgetary comparison schedules on pages 49 - 56 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors' Integrity Report Figures and Bolded Balance Sheet reports pages 57 - 60 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Holscher, Mayberry + Company, LLC

Englewood, CO
March 1, 2019

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BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all government-wide and fund level activity as of June 30, 2018.

CENTENNIAL SCHOOL DISTRICT R-1
Statement of Net Position
June 30, 2018

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Investments	\$ 2,709,218
Cash with Fiscal Agent	100,923
Taxes Receivable	364,560
Interfund Accounts Receivable	461,046
Grants Receivable	151,941
Other Accounts Receivable	6,352
Inventory	1,225
Total Current Assets	<u>3,795,265</u>
Noncurrent Assets	
Bond Issuance Costs	608,286
Capital Assets, not being depreciated	131,307
Capital Assets, being depreciated	19,112,432
Total Noncurrent Assets	<u>19,852,025</u>
TOTAL ASSETS	<u>23,647,290</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Net Deferred Outflows Pensions	3,609,602
Net Deferred Outflows OPEB	9,992
TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>3,619,594</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 27,266,884</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	
LIABILITIES	
Current Liabilities	
Interfund Accounts Payable	\$ 461,046
Accounts Payable	22,620
Accrued Interest	68,724
Accrued Salaries & Benefits	233,030
Payroll Taxes & Deductions Payable	702
Total Current Liabilities	<u>786,122</u>
Noncurrent Liabilities	
Due Within One Year	315,000
Due In More Than One Year	17,502,999
Total Noncurrent Liabilities	<u>17,817,999</u>
TOTAL LIABILITIES	<u>18,604,121</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Deferred Revenue	237,335
Net Deferred Inflows Pensions	753,235
Net Deferred Inflows OPEB	6,094
TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES	<u>1,076,711</u>
NET POSITION	
Net Investment in Capital Assets	13,563,739
Restricted Net Position	1,605,410
Unrestricted Net Position	(7,583,097)
TOTAL NET POSITION	<u>7,586,052</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 27,266,884</u>

The accompanying footnotes are an integral part of these financial statements.

CENTENNIAL SCHOOL DISTRICT R-1
Statement of Activities
For the Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Change in Net Position</u>
Primary Government				
Governmental Activities				
Instruction	\$ 3,209,232	\$ 42,464	\$ 124,059	\$ (3,042,709)
Supporting Services	2,819,196	70,545	384,486	(2,339,592)
Interest on Long Term Debt	173,294	-	-	(173,294)
Total Primary Government	<u>\$ 6,201,722</u>	<u>\$ 113,009</u>	<u>\$ 508,545</u>	<u>\$ (5,555,595)</u>
General Revenues				
Property Taxes				1,463,240
Specific Ownership Taxes				108,491
State Equalization				1,549,918
Investment Earnings				11,358
Gain (Loss) on Capital Asset Disposals				5,587
Insurance Proceeds				54,015
Other Revenues				109,723
Total General Revenues and Transfers				<u>3,302,332</u>
Change in Net Position				<u>(2,253,263)</u>
Beginning Net Position				6,463,126
Prior Period Restatement				3,376,189
Beginning Net Position (As Restated)				<u>9,839,315</u>
Ending Net Position				<u>\$ 7,586,052</u>

The accompanying footnotes are an integral part of these financial statements.

CENTENNIAL SCHOOL DISTRICT R-1
 Balance Sheet
 Governmental Funds
 June 30, 2018

	Special Revenue			Debt Service
	General Fund	Food Service Fund	Designated Grants	Bond Redemption
			Fund	Fund
ASSETS				
Cash and Investments	\$ 1,221,775	\$ 249,659	\$ 167,499	\$ 852,284
Cash with Fiscal Agent	66,744	-	-	34,179
Taxes Receivable	241,801	-	-	122,759
Interfund Accounts Receivable	444,046	-	-	-
Grants Receivable	13,983	11,699	126,259	-
Other Accounts Receivable	5,586	766	-	-
Inventory	-	1,225	-	-
TOTAL ASSETS	<u>\$ 1,993,935</u>	<u>\$ 263,349</u>	<u>\$ 293,758</u>	<u>\$ 1,009,222</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities				
Interfund Accounts Payable	\$ -	\$ 177,948	\$ 265,150	\$ -
Accounts Payable	22,390	230	-	-
Accrued Salaries & Benefits	205,082	8,849	19,099	-
Payroll Taxes & Deductions Payable	708	11	(17)	-
Total Liabilities	<u>228,180</u>	<u>187,038</u>	<u>284,232</u>	<u>-</u>
Deferred Inflows of Financial Resources				
Deferred Revenue	157,299	109	-	79,927
Deferred Grant Revenue	80,047	-	-	-
Total Deferred Inflows of Financial Resources	<u>237,346</u>	<u>109</u>	<u>-</u>	<u>79,927</u>
Fund Balance				
Nonspendable Fund Balance	-	1,225	-	-
Restricted Fund Balance				
Restricted for Debt Service	-	-	-	929,295
Restricted for TABOR Emergencies	111,000	-	-	-
Restricted for Colorado Preschool Program	432,790	-	-	-
Restricted for Best Replacement Reserve	131,100	-	-	-
Committed Fund Balance				
Comitted for Fund Purposes	-	74,977	9,526	-
Assigned Fund Balance				
Other Assigned Fund Balance	-	-	-	-
Unassigned Fund Balance	853,519	-	-	-
Total Fund Balance	<u>1,528,409</u>	<u>76,202</u>	<u>9,526</u>	<u>929,295</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,993,935</u>	<u>\$ 263,349</u>	<u>\$ 293,758</u>	<u>\$ 1,009,222</u>

The accompanying footnotes are an integral part of these financial statements.

<u>Capital Projects</u>		<u>Totals</u>	
<u>Capital Reserve Project</u>	<u>Other Governmental</u>		
<u>Fund</u>	<u>Funds</u>	<u>2018</u>	
\$ 102,995	\$ 115,006	\$ 2,709,218	
-	-	100,923	
-	-	364,560	
17,000	-	461,046	
-	-	151,941	
-	-	6,352	
-	-	1,225	
<u>\$ 119,995</u>	<u>\$ 115,006</u>	<u>\$ 3,795,265</u>	
\$ -	\$ 17,948	\$ 461,046	
-	-	22,620	
-	-	233,030	
-	-	702	
<u>-</u>	<u>17,948</u>	<u>717,398</u>	
-	-	237,335	
-	-	80,047	
<u>-</u>	<u>-</u>	<u>317,382</u>	
-	-	1,225	
-	-	929,295	
-	-	111,000	
-	-	432,790	
-	-	131,100	
-	82,169	166,672	
119,995	14,889	134,884	
-	-	853,519	
<u>119,995</u>	<u>97,058</u>	<u>2,760,485</u>	
<u>\$ 119,995</u>	<u>\$ 115,006</u>	<u>\$ 3,795,265</u>	

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CENTENNIAL SCHOOL DISTRICT R-1
Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2018

Fund Balance - Governmental Funds		\$	2,760,485
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	131,307		
Capital assets, being depreciated	22,777,355		
Accumulated depreciation	<u>(3,664,923)</u>	19,243,739	
Certain long-term pension and OPEB related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds			
PERA Pension			
Net pension deferred outflows	3,609,602		
Net pension liability	(11,501,312)		
Net pension deferred inflows	<u>(753,235)</u>	(8,644,945)	
PERA Health Care Trust Fund (OPEB)			
Net OPEB deferred outflows	9,992		
Net OPEB liability	(262,641)		
Net OPEB deferred inflows	<u>(6,094)</u>	(258,743)	
Deferred charges related to the issuance of debt that are amortized over the life of the issue, but are not reported in the funds			
Charge on refunding - net of amortization	608,286		
Bond premiums - net of amortization	<u>(248,676)</u>	359,610	
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Bonds payable	(5,680,000)		
Accrued interest payable	(68,724)		
Accrued compensated absences	<u>(125,370)</u>	<u>(5,874,094)</u>	
Total Net Position - Governmental Activities		\$	<u>7,586,052</u>

The accompanying footnotes are an integral part of these financial statements.

CENTENNIAL SCHOOL DISTRICT R-1
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue			Debt Service
	General Fund	Food Service Fund	Designated Grants	Bond Redemption
			Fund	Fund
REVENUES				
Local Sources	\$ 1,238,464	\$ 6,814	\$ -	\$ 543,308
State Sources	1,792,627	1,021	-	-
Federal Sources	149	137,483	126,259	-
TOTAL REVENUES	<u>3,031,240</u>	<u>145,318</u>	<u>126,259</u>	<u>543,308</u>
EXPENDITURES				
Instruction	1,470,632	-	113,277	-
Pupil Support	236,104	-	11,589	-
Staff Support	59,811	-	1,393	-
General Administration	324,510	-	-	2,096
School Administration	180,426	-	-	-
Business Services	85,461	-	-	-
Operations and Maintenance	343,595	-	-	-
Transportation	125,800	-	-	-
Other Central Support	60,551	-	-	-
Risk Management	45,838	-	-	-
Food Service	-	210,797	-	-
Community Support	73,979	-	-	-
Facilities	-	-	-	-
Debt Service	-	-	-	461,044
TOTAL EXPENDITURES	<u>3,006,707</u>	<u>210,797</u>	<u>126,259</u>	<u>463,140</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	24,533	(65,479)	-	80,168
OTHER FINANCING SOURCES (USES)				
Transfer In (Out) - net	(25,000)	-	-	-
CHANGE IN FUND BALANCE	<u>(467)</u>	<u>(65,479)</u>	<u>-</u>	<u>80,168</u>
BEGINNING FUND BALANCE	1,546,353	128,703	9,526	849,127
Prior Period Adjustment	(17,477)	12,978	-	-
BEGINNING FUND BALANCE (As Restated)	<u>1,528,876</u>	<u>141,681</u>	<u>9,526</u>	<u>849,127</u>
ENDING FUND BALANCE	<u>\$ 1,528,409</u>	<u>\$ 76,202</u>	<u>\$ 9,526</u>	<u>\$ 929,295</u>

The accompanying footnotes are an integral part of these financial statements.

<u>Capital Projects</u>		<u>Totals</u>	
<u>Capital Reserve</u>	<u>Other Governmental</u>		
<u>Project Fund</u>	<u>Funds</u>	<u>2018</u>	
\$ -	\$ 77,762	\$	1,866,348
-	24,573		1,818,221
-	-		263,891
-	102,335		3,948,460
-	28,855		1,612,764
-	-		247,693
-	-		61,204
-	-		326,606
-	-		180,426
-	-		85,461
-	-		343,595
-	-		125,800
-	-		60,551
-	-		45,838
-	-		210,797
-	-		73,979
-	108,744		108,744
-	-		461,044
-	137,599		3,944,502
-	(35,264)		3,958
15,000	10,000		-
15,000	(25,264)		3,958
104,995	271,368		2,910,072
-	149,046		144,547
104,995	122,322		2,756,527
\$ 119,995	\$ 97,058	\$	2,760,485

CENTENNIAL SCHOOL DISTRICT R-1
Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2018

Change in Fund Balance - Governmental Funds		\$	3,958
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	210,899		
Depreciation Expense	(459,949)		(249,050)
Pension and OPEB expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.			
PERA Pension			
Change in deferred pension outflows	(637,546)		
Change in net pension liability	(833,283)		
Change in deferred pension inflows	(705,034)		(2,175,863)
PERA Health Care Trust Fund (OPEB)			
Change in deferred OPEB outflows	9,992		
Change in net OPEB liability	1,415		
Change in deferred OPEB inflows	(6,094)		5,313
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level			
Principal payments on bonds payable	305,000		
Change in accrued interest payable	7,952		
Amortization of premiums and discounts	(25,202)		
Change in accrued compensated absences	(125,370)		162,380
Change in Net Position - Governmental Activities		\$	<u>(2,253,262)</u>

The accompanying footnotes are an integral part of these financial statements.

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Centennial School District R-1 (the "District") conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the District's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, "The Financial Reporting Entity" as amended.

Based upon the application of these criteria, no additional organizations are includable within the District's reporting entity.

Jointly Governed Organizations

The District is a participant among fourteen districts in a jointly governed organization to operate the San Luis Valley Board of Cooperative Educational Services (BOCES). The BOCES was formed for the purpose of administrative functions among member districts for special education and federal grants. The BOCES is governed by a board of directors consisting of a member of the board of education and the superintendent from each of the participating members. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. Financial statements for the BOCES can be obtained from the BOCES administrative offices at: 2261 Enterprise Drive Alamosa, CO 81101 or from their website <http://slvboces.org/District/Portal/Finance-business1>

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the District as a whole. The reporting information includes all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented.

The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental are aggregated and reported as non-major funds. The fiduciary funds are presented separately.

The District reports the following major governmental funds:

General Fund – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue (Food Service and Designated Grants) Funds – These funds account for the food service program and grants resources that are dedicated to providing those special projects and services, respectively.

Debt Service (Bond Redemption) Fund - This fund was established to account for the repayment of the District's general obligation debt.

The District also reports the following nonmajor governmental funds:

Special Revenue (Athletic Activity) Funds – This funds account for the student activity resources that are dedicated to providing those special projects and services, respectively.

Capital Projects (Capital Reserve and Building) Fund - These funds are primarily funded through General Fund transfers. The Capital Reserve Project Fund accounts for the majority of the District's non-bond capital outlay activity. The Building Fund was established to account for the District's bond related major construction projects.

Measurement Focus and Basis of Accounting

Government-Wide and Fiduciary Fund Financial Statements

The government-wide and fiduciary fund 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 at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations.

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Government-Wide and Fiduciary Fund Financial Statements (Continued)

Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available as allowed by the per pupil operating revenue formula approved by the State legislature or within sixty days after year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance

Cash – The District pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest bearing accounts which are comprised of certificates of deposit, savings accounts, and money market accounts which are legally authorized. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

Cash and Cash Equivalents – The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventories – Inventory of the proprietary fund is valued at the lower of cost (first-in, first-out) or market.

Due To and Due From Other Funds – Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance (Continued)

Capital Assets – Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds.

The District’s capitalization policy is those items having a useful life of more than one year and an original cost of at least \$5,000. Property and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation has been provided over the estimated useful lives of the asset in the government-wide presentation as well as in the proprietary fund. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and Site Improvements	20-70 years
Vehicles	12 years
Other Equipment	5-50 years

Tax Receivable – Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses, pursuant to the Colorado school district funding formula. As 2017 property taxes were both measurable and available at June 30, 2018, the District has recognized a receivable (net of uncollectible portion) for property taxes levied January 1, 2018 but not collected by June 30, 2018. Taxes not received within 60 days subsequent to year end have been reported as a deferred inflow.

Accumulated unpaid sick and vacation and other pay are serviced from other revenues in the General Fund. These liabilities are only recorded on the government-wide financial statements as they are not expected to be financed from current resources. At June 30, 2018, the District has recorded accrued leave as disclosed in Note 5.

Long-Term Debt – The District’s note payable and capital leases are paid through the Capital Reserve Fund and are shown as expenditures in that fund. For the government-wide presentation, principal payments are reclassified as reductions in the outstanding obligation balances.

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance (Continued)

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has several items that qualify for reporting in this category, all related to outstanding pension and OPEB obligations and further described in Notes 7 and 9.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows for property taxes as described above, deferred revenue from student ticket sales, and pension and OPEB related deferrals as further described in Notes 7 and 9.

Net Position/Fund Balance - In the government-wide financial statements and for the proprietary fund statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance is reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education, and at their highest level of action are reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance (Continued)

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All other remaining governmental balances are reported as unassigned.

Net Position/Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Revenues and Expenditures/Expenses

Revenues and Expenditures/Expenses – Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Property Tax Revenues – Property taxes are levied on December 15 based on the assessed value of property as certified by the county assessor on August 17. Assessed values are an approximation of market value. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2: CASH AND INVESTMENTS

A reconciliation of the cash and investment components on the balance sheet to the cash and investment categories in this footnote are as follows:

Unrestricted	\$ 1,856,934
Restricted for debt service	<u>852,284</u>
Total Cash and Investments	<u>\$ 2,709,218</u>
Cash in Bank	\$ 1,775,053
Investments	<u>934,165</u>
Total Cash and Investments	<u>\$ 2,709,218</u>

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is 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 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2018, all of the District's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	Bank	Carrying
	Balance	Balance
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized (Not held in District's name)	<u>1,588,903</u>	<u>1,525,053</u>
Total Deposits	<u>\$ 1,838,903</u>	<u>\$ 1,775,053</u>

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

During the year ended June 30, 2018, the District invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAM by the Standard and Poor's Corporation.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes.

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2018, the District did not have any investments requiring safekeeping.

The Districts investments are as follows:

	Carrying	Weighted	
	Value	Average	
		Maturity	Rating
		(in Years)	
Local Government Investment Pools	\$ 81,881	-	AAAm
Local Govt Invest Pools (Bond Trustee)	<u>852,284</u>	-	AAAm
Total Investments	<u>\$ 934,165</u>		

NOTE 3: INVENTORIES

Food Service Fund inventory as of June 30, 2018, of \$1,225, consisted of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt plus an allowance for any processing charges paid to the third party vendor.

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4: CAPITAL ASSETS

Activity for governmental activities capital assets is summarized below:

	Balance As Restated 06/30/17	Additions	Deletions	Balance 06/30/18
<u>Governmental Activities:</u>				
Capital Assets, not being depreciated:				
Land	\$ 131,307	\$ -	\$ -	131,307
Construction in Progress	3,793,790	-	3,793,790	-
Total Capital Assets not being depreciated	<u>3,925,097</u>	<u>-</u>	<u>3,793,790</u>	<u>131,307</u>
Capital Assets, being depreciated:				
Buildings and Improvements	17,341,446	3,882,887	-	21,224,333
Transportation Equipment	591,737	-	-	591,737
Other Equipment	839,483	121,802	-	961,285
Total Capital Assets being depreciated	<u>18,772,666</u>	<u>4,004,689</u>	<u>-</u>	<u>22,777,355</u>
Accumulated Depreciation:				
Buildings and Improvements	(2,357,694)	(383,149)	-	(2,740,843)
Transportation Equipment	(467,765)	(16,867)	-	(484,632)
Other Equipment	(379,515)	(59,933)	-	(439,448)
Total Accum. Depreciation	<u>(3,204,974)</u>	<u>(459,949)</u>	<u>-</u>	<u>(3,664,923)</u>
Net Governmental Capital Assets	<u>\$ 19,492,789</u>	<u>\$ 3,544,740</u>	<u>\$ -</u>	<u>\$ 19,243,739</u>

Depreciation is allocated between functions as follows:

Instruction	\$ 213,609
Support Services	246,340
Governmental Depreciation Allocation	<u><u>\$ 459,949</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months.

The salaries and benefits earned, but unpaid, in the General, Food Service and Designated Grants Funds as of June 30, 2018, are \$205,082, \$8,849, and \$19,098, respectively. Accordingly, the accrued compensation is reflected as a liability in the funds in the accompanying financial statements.

NOTE 6: LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the District for the year ended June 30, 2018:

	Restated Balance 6/30/17	Advances	Payments	Balance 6/30/18	Current Portion	Interest Expense
<u>Governmental Activities</u>						
2012 GO Bonds	\$ 5,985,000	\$ -	\$ (305,000)	\$ 5,680,000	\$ 315,000	\$ 156,044
PERA OPEB Liability	264,056	-	(14,15)	262,641	-	-
PERA Net Pension Obligation	1,668,030	833,282	-	1,150,132	-	-
Accrued Compensated Absences	-	125,370	-	125,370	-	-
Total Long-Term Obligations	<u>\$ 16,917,086</u>	<u>\$ 958,652</u>	<u>\$ (306,415)</u>	<u>\$ 17,569,323</u>	<u>\$ 315,000</u>	<u>\$ 156,044</u>
Deferred Charge on Refunding	<u>\$ 677,191</u>	<u>\$ -</u>	<u>\$ (68,905)</u>	<u>\$ 608,286</u>	<u>\$ -</u>	<u>\$ -</u>

Annual debt service requirements for the bonds are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	350,000	122,894	472,894
2024-2028	1,875,000	486,281	2,361,281
2029-2032	2,145,000	173,788	2,318,788
Totals	<u>\$ 5,680,000</u>	<u>\$ 1,344,239</u>	<u>\$ 7,024,239</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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. Investments are reported at fair value.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. Governmental accounting standards require the net pension liability and related amounts of the SCHDTF for financial reporting purposes be measured using the plan provisions in effect as of the SCHDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled *Changes between the measurement date of the net pension liability and June 30, 2018*.

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.

Benefits provided as of December 31, 2017. 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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

- 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.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance 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.

As of December 31, 2017, 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 and all benefit recipients of the DPS benefit structure 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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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Contribution provisions as of June 30, 2018. 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:

January 1st through December 31st	2014¹	2015¹	2016¹	2017¹
Employer contribution rate	10.15%	10.15%	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)	-1.02%	-1.02%	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	3.80%	4.20%	4.50%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	3.50%	4.00%	4.50%	5.00%
Total employer contribution rate to the SCHDTF	16.43%	17.33%	18.13%	18.63%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$305,661 for the plan year ended December 31, 2017 and \$315,056 for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$11,501,312 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District's proportion of the net pension liability was based on District's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the District's proportion was .035568%, which was a decrease of .0002625% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018 the District recognized pension expense of \$2,539,119. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 211,547	\$ -
Changes of assumptions or other inputs	\$ 2,951,807	\$ (18,316)
Net difference between projected and actual earnings on pension plan	\$ 224,317	\$ (679,675)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 57,833	\$ (55,244)
Contributions subsequent to the measurement date	\$ 164,098	\$ -
Total	\$ 3,609,602	\$ (753,235)

\$164,098 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, 2019. 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:	Fiscal Year Total
2019	\$ 1,835,772
2020	1,026,350
2021	66
2022	(169,919)
Total	\$ 2,692,269

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.90-9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	5.26%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

A discount rate of 4.78 percent was used in the roll forward calculation of the total pension liability to the measurement date of December 31, 2017.

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 Healthy Annuitant 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 rate 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 based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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.

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

Asset Class	Target Allocation	10 Year Expected Geometric Rate of Return
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%	

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

* 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%.

Discount rate. The discount rate used to measure the total pension liability was 4.78 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions described above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.5%.
- 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 percent, at which point, the AED and SAED will each drop 0.50 percent 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 on a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

- 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 increase 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 GASB Statement No. 67 projections test indicates that the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond 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 or after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78%.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.48 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 4.78%, 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 (3.78%) or 1-percentage-point higher (5.78%) than the current rate:

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension asset (liability)	\$ (14,528,113)	\$ (11,501,312)	\$ (9,034,815)

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.

Changes between the measurement date of the net pension liability and June 30, 2018.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

Changes between the measurement date of the net pension liability and June 30, 2018. (Continued)

At June 30, 2018, the District reported a liability of \$11,501,312 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan’s year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the District’s proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18- 200 (pro forma)
7.25%	\$5,196,193

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$5,368,884 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

NOTE 8: 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.

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. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2018 program members contributed \$2,650.

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Health Care Trust Fund

OPEB. The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended 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.

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure. The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure. The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District, were \$16,735, for the plan year ended December 31, 2017 and \$17,015 for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$262,641 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District proportion was 0.020209%, which was a decrease of .0001569% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$11,701. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 1,242	\$ -
Net difference between projected and actual earnings on pension plan	\$ -	\$ (4,394)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (1,700)
Contributions subsequent to the measurement date	\$ 8,750	\$ -
Total	\$ 9,992	\$ (6,094)

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

\$8,750 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Fiscal Year Totals
2019	\$ (1,189)
2020	(1,189)
2021	(1,189)
2022	(1,189)
2023	(90)
2024	(8)
Total	\$ (4,852)

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates (PERA benefit structure):	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.00%
Medicare Part A premiums	3.00 % for 2017, gradually rising to 4.25% in 2023

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in HCTF.

Healthy mortality assumptions for active members were based on 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.

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improved 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 based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capital health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely to actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capital health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

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.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
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%.

Sensitivity of the District proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Discount Rate	1% Increase
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Proportionate share of the net OPEB asset (liability)	\$ (255,415)	\$ (262,641)	\$ (271,345)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 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 health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- 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. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits 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 HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the District proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (4.78 percent) than the current rate:

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	3.78%	4.78%	5.78%
Proportionate share of the net OPEB asset (liability)	\$ (295,291)	\$ (262,641)	\$ (234,774)

OPEB plan fiduciary net position. Detailed information about the HCTF’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 10: RISK MANAGEMENT

The District carries insurance coverage for all foreseeable risks of loss. These include, but are not necessarily limited to, worker’s compensation, property and liability, bond, and errors and omissions.

The District carries property, liability and bond coverage and workers compensation coverage through commercial insurance carriers. Risk of loss transfers to those carriers.

The District has not materially changed its coverage from previous years. The District has not recorded any liability for unpaid claims at June 30, 2018.

NOTE 11: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Claims and Judgments - The District participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units and are subject to the various rules and regulations of the grantor agencies. Expenditures financed by grants are subject to audit and adjustment by the appropriate grantor agency. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

TABOR Amendment - In November 1992, Colorado voters passed the TABOR Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations.

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The District is subject to the TABOR Amendment. In the November 2001 election, the District's electorate allowed the District to collect and spend or retain in a reserve all currently levied taxes and other revenue of the District without regard to any limitation under TABOR.

The TABOR Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The District has recorded a \$111,000 reserve in the General Fund to fully fund its 3% emergency reserve required by TABOR.

As part of the Best grant agreement for the construction of the District's school building, the District agreed to fund a capital replacement reserve in the amount of \$100 per funded pupil. The reserve calculation is based on the annual October student count and commenced in fiscal year 2012. The amount set aside as of June 30, 2018 was \$131,100.

NOTE 12: INTERFUND TRANSFERS

The District has recorded the following routine transfers:

General Fund transfer to Capital Reserve Fund	\$ (15,000)
General Fund transfer to Athletic Activity	(10,000)
Capital Reserve Fund transfer from General Fund	15,000
Athletic Activity transfer from General Fund	<u>10,000</u>
Net Transfers	<u><u>\$ -</u></u>

The District also reported balances that were due (to) from other funds as follows:

General Fund due from other funds	\$ 444,046
Capital Fund due from other funds	<u>17,000</u>
Total due from other funds	<u><u>\$ 461,046</u></u>
Food Service Fund due to other funds	(177,948)
Designated Grants Fund due to other funds	(265,150)
Athletic Activity Fund due to other funds	(948)
Building Fund due to other funds	<u>(17,000)</u>
Total due to other funds	<u><u>\$ (461,046)</u></u>

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13: DEFICIT NET POSITION

The Governmental Activities has an unrestricted net position deficit of \$(7,677,166) primarily due to the PERA net pension liability of \$11,501,312, and OPEB net liability of \$262,641 as further described in Notes 7 and 9. As the District has no control over pension benefits or contribution rates, the District expects this deficit net position to continue for the foreseeable future.

NOTE 14: BUDGET VIOLATION

The District's expenditures in the Building Fund exceeded appropriations by \$93,744 respectively, which may be a violation of Colorado Statutes.

NOTE 15: PRIOR PERIOD RESTATEMENT

For the fiscal year, the District adopted GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement places a long-term obligation, as well as related deferred outflows and inflows, on the Statement of Net Position related to future postemployment benefit obligations. The District has restated the beginning net position for the governmental activities for those balances that were applicable as of June 30, 2017. This restatement resulted in a net decrease in governmental activity net position of \$264,056.

As part of the June 30, 2018 fiscal year audit, it was determined that certain prior year balances required restatement at the fund level. These adjustments consisted of the understatement of General Fund and Building Fund accounts payable, as well as the understatement of receivables in Food Service fund.

These restatements are as follows:

	General	Food Service	Building Fund	Governmental Activities
Beginning Equity	<u>\$ 1,546,353</u>	<u>\$ 128,704</u>	<u>\$ 193,831</u>	<u>\$ 6,463,126</u>
Record Food Service Receivable	-	12,978	-	12,978
Adjust Accounts Payable	(17,477)	-	(149,046)	(166,523)
Record Capital Assets	-	-	-	3,793,790
Record OPEB Liability	-	-	-	(264,056)
Net Restatements	<u>(17,477)</u>	<u>12,978</u>	<u>(149,046)</u>	<u>3,376,189</u>
Beginning Equity (As Restated)	<u>\$ 1,528,876</u>	<u>\$ 141,682</u>	<u>\$ 44,785</u>	<u>\$ 9,839,315</u>

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REQUIRED SUPPLEMENTARY INFORMATION

(Pension and OPEB Schedules - Unaudited)

CENTENNIAL SCHOOL DISTRICT R-1

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/16</u>
District's proportion of the net pension asset (liability)	0.035568%	0.035830%	0.034958%
District's proportionate share of the net pension asset (liability)	\$ (11,501,312)	\$ (10,668,029)	\$ (5,346,556)
District's covered payroll	\$ 1,640,693	\$ 1,608,123	\$ 1,523,455
District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	701.00%	663.38%	350.95%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.16%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

<u>6/30/15</u>	<u>6/30/14</u>
0.034903%	0.032831%
\$ (4,730,490)	\$ (4,187,593)
\$ 1,462,096	\$ 1,323,522
323.54%	316.40%
62.84%	64.07%

CENTENNIAL SCHOOL DISTRICT R-1

**SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/16</u>
Contractually required contributions	\$ 305,661	\$ 291,553	\$ 264,015
Actual contributions	<u>\$ (305,661)</u>	<u>\$ (291,553)</u>	<u>\$ (264,015)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,640,693	\$ 1,608,123	\$ 1,523,455
Contributions as a percentage of covered payroll	18.63%	18.13%	17.33%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

<u>6/30/15</u>	<u>6/30/14</u>
\$ 240,222	\$ 205,543
<u>(240,222)</u>	<u>(205,543)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 1,462,096	\$ 1,323,522
16.43%	15.53%

CENTENNIAL SCHOOL DISTRICT R-1

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB ASSET (LIABILITY)
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

	<u>06/30/18</u>	<u>06/30/17</u>
District's proportion of the net pension asset (liability)	0.020209%	0.020366%
District's proportionate share of the net pension asset (liability)	\$ (262,641)	\$ (264,056)
District's covered payroll	\$ 1,640,693	\$ 1,608,137
District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	16.01%	16.42%
Plan fiduciary net position as a percentage of the total pension liability	17.53%	16.70%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

CENTENNIAL SCHOOL DISTRICT R-1

**SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

	<u>06/30/18</u>	<u>06/30/17</u>
Contractually required contributions	\$ 16,735	\$ 16,403
Actual contributions	<u>(16,735)</u>	<u>(16,403)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,640,693	\$ 1,608,137
Contributions as a percentage of covered payroll	1.02%	1.02%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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BUDGETARY COMPARISON SCHEDULES

(Required Supplementary Information)

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, 2018

	2018			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources				
Property Taxes	\$ 1,066,000	\$ 1,066,000	\$ 929,413	\$ (136,587)
Specific Ownership Taxes	20,000	20,000	70,211	50,211
Delinquent Taxes	20,000	20,000	38,602	18,602
Investment Earnings	600	600	1,295	695
Community Service Revenue	60,000	60,000	64,889	4,889
Donations	-	-	925	925
Sale of Fixed Assets/Insurance Proceeds	10,000	10,000	5,587	(4,413)
Instructional Materials Fees	-	-	18,977	18,977
Other Local	50,000	50,000	108,565	58,565
Total Local Sources	<u>1,226,600</u>	<u>1,226,600</u>	<u>1,238,464</u>	<u>11,864</u>
State Sources				
State Share (Equalization)	1,670,000	1,670,000	1,382,225	(287,775)
State Transportation	35,000	35,000	32,540	(2,460)
State Grants from CDE				
State ELPA: Professional Development and Student Support	5,000	5,000	3,821	(1,179)
State ELPA	412	412	2,690	2,278
State Gifted and Talented	6,800	6,800	-	(6,800)
Expelled and At Risk Students	124,844	124,844	181,455	56,611
State Grants to Libraries	3,500	3,500	3,500	-
Small Rural Schools Additional Funding	35,000	35,000	-	(35,000)
Additional At-Risk Funding	2,000	2,000	2,513	513
READ Act	10,000	10,000	8,954	(1,046)
State Grants Provided through BOCES	-	-	7,236	7,236
Total State Sources	<u>1,892,556</u>	<u>1,892,556</u>	<u>1,624,934</u>	<u>(267,622)</u>
Federal Sources				
Federal Grants from CDE				
Race to the Top - Early Childhood Readiness Assessment	-	-	149	149
TOTAL REVENUES	<u>3,119,156</u>	<u>3,119,156</u>	<u>2,863,547</u>	<u>(255,609)</u>

(Continued)

See the accompanying Independent Auditors' Report

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, 2018

	2018			Variance with Final Budget
	Original Budget	Final Budget	Actual	
(Continued)				
EXPENDITURES				
Instruction				
Salaries	984,620	984,620	940,426	44,194
Benefits	351,991	351,991	322,621	29,370
PS - Professional	22,000	22,000	10,425	11,575
PS - Property	1,000	1,000	320	680
PS - Other	9,835	9,835	20,004	(10,169)
Supplies	63,200	63,200	54,889	8,311
Property	250,000	250,000	121,946	128,054
Other Expenses	5,000	5,000	-	5,000
Total Instruction	<u>1,687,646</u>	<u>1,687,646</u>	<u>1,470,631</u>	<u>217,015</u>
Supporting Services				
Pupil Support				
Salaries	74,000	74,000	92,156	(18,156)
Benefits	29,250	29,250	36,375	(7,125)
PS - Professional	60,664	60,664	87,077	(26,413)
PS - Other	18,635	18,635	17,268	1,367
Supplies	3,000	3,000	3,196	(196)
Other Expenses	-	-	32	(32)
Total Pupil Support	<u>185,549</u>	<u>185,549</u>	<u>236,104</u>	<u>(50,555)</u>
Staff Support				
Salaries	36,500	36,500	35,528	972
Benefits	14,070	14,070	7,687	6,383
PS - Professional	1,500	1,500	1,202	298
PS - Other	2,330	2,330	959	1,371
Supplies	2,500	2,500	7,534	(5,034)
Property	1,000	1,000	6,900	(5,900)
Total Staff Support	<u>57,900</u>	<u>57,900</u>	<u>59,810</u>	<u>(1,910)</u>
General Administration				
Salaries	122,000	122,000	129,029	(7,029)
Benefits	47,785	47,785	38,362	9,423
PS - Professional	82,000	82,000	72,989	9,011
PS - Property	12,000	12,000	9,038	2,962
PS - Other	46,050	46,050	49,979	(3,929)
Supplies	6,500	6,500	8,089	(1,589)
Property	1,000	1,000	1,970	(970)
Other Expenses	14,000	14,000	15,054	(1,054)
Total General Administration	<u>331,335</u>	<u>331,335</u>	<u>324,510</u>	<u>6,825</u>
School Administration				
Salaries	114,430	114,430	113,367	1,063
Benefits	43,770	43,770	35,201	8,569
PS - Professional	19,730	19,730	6,286	13,444
PS - Property	12,700	12,700	13,478	(778)
PS - Other	1,880	1,880	10,457	(8,577)
Supplies	4,300	4,300	1,547	2,753
Other Expenses	1,300	1,300	90	1,210
Total School Administration	<u>198,110</u>	<u>198,110</u>	<u>180,426</u>	<u>17,684</u>

(Continued)
See the accompanying Independent Auditors' Report

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, 2018

	2018			
	Original Budget	Final Budget	Actual	Variance with Final Budget
(Continued)				
EXPENDITURES (Continued)				
Supporting Services (Continued)				
Business Services				
Salaries	46,900	46,900	62,213	(15,313)
Benefits	16,700	16,700	16,910	(210)
PS - Professional	4,250	4,250	4,662	(412)
PS - Other	2,160	2,160	187	1,973
Supplies	1,500	1,500	1,489	11
Other Expenses	500	500	-	500
Total Business Services	<u>72,010</u>	<u>72,010</u>	<u>85,461</u>	<u>(13,451)</u>
Operations and Maintenance				
Salaries	106,500	106,500	106,704	(204)
Benefits	44,725	44,725	40,308	4,417
PS - Professional	10,000	10,000	23,818	(13,818)
PS - Property	9,000	9,000	8,783	217
PS - Other	31,300	31,300	30,742	558
Supplies	130,000	130,000	129,017	983
Property	5,000	5,000	4,223	777
Total Operations and Maintenance	<u>336,525</u>	<u>336,525</u>	<u>343,595</u>	<u>(7,070)</u>
Transportation				
Salaries	66,000	66,000	50,588	15,412
Benefits	28,065	28,065	14,703	13,362
PS - Professional	16,500	16,500	3,050	13,450
PS - Other	25,480	25,480	19,152	6,328
Supplies	71,000	71,000	35,892	35,108
Property	2,000	2,000	2,265	(265)
Other Expenses	-	-	150	(150)
Total Transportation	<u>209,045</u>	<u>209,045</u>	<u>125,800</u>	<u>83,245</u>
Other Central Support				
PS - Other	<u>71,000</u>	<u>71,000</u>	<u>60,551</u>	<u>10,449</u>
Risk Management				
PS - Other	<u>65,000</u>	<u>65,000</u>	<u>45,838</u>	<u>19,162</u>
Community Support				
Salaries	56,000	56,000	51,890	4,110
Benefits	22,150	22,150	19,836	2,314
PS - Other	200	200	153	47
Supplies	2,000	2,000	2,100	(100)
Total Community Support	<u>80,350</u>	<u>80,350</u>	<u>73,979</u>	<u>6,371</u>
Contingency	<u>1,005,686</u>	<u>1,005,686</u>	<u>-</u>	<u>1,005,686</u>
TOTAL EXPENDITURES	<u>4,300,156</u>	<u>4,300,156</u>	<u>3,006,705</u>	<u>1,293,451</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(1,181,000)	(1,181,000)	(143,158)	1,037,842
OTHER FINANCING SOURCES (USES)				
Transfers	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>(1,206,000)</u>	<u>(1,206,000)</u>	<u>(168,158)</u>	<u>1,037,842</u>
BEGINNING FUND BALANCE	1,206,000	1,206,000	1,546,353	340,353
PRIOR PERIOD RESTATEMENT	-	-	(17,477)	(17,477)
BEGINNING FUND BALANCE (As Restated)	<u>1,206,000</u>	<u>1,206,000</u>	<u>1,528,876</u>	<u>322,876</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,360,718</u>	<u>\$ 1,360,718</u>

See accompanying Independent Auditors' Report.

SPECIAL REVENUE FUND

Food Service, Designated Grants Funds – These funds account for the food service, grants resources that are dedicated to providing those special projects and services, respectively.

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, 2018

	2018		Variance with Final Budget
	Final Budget	Actual	
REVENUES			
Local Sources			
Food Service Revenue	\$ 11,000	\$ 5,655	\$ (5,345)
Other Local	1,500	1,158	(342)
Total Local Sources	<u>12,500</u>	<u>6,813</u>	<u>(5,687)</u>
State Sources			
State Matching Child Nutrition	<u>1,200</u>	<u>1,021</u>	<u>(179)</u>
Federal Sources			
Federal Grants from CDE			
School Breakfast Program	43,300	38,272	(5,028)
National School Lunch Program	80,000	73,770	(6,230)
Federal Fresh Fruit & Vegetable Program	10,000	9,939	(61)
Other Old Federal Grant Codes	9,000	-	(9,000)
Federal Grants from Other State Agencies			
National School Lunch Program - Commodities	-	9,354	9,354
CACFP	-	6,148	6,148
Total Federal Sources	<u>142,300</u>	<u>137,483</u>	<u>(4,817)</u>
TOTAL REVENUES	<u>156,000</u>	<u>145,317</u>	<u>(10,683)</u>
EXPENDITURES			
Supporting Services			
Food Service			
Salaries	93,000	87,119	5,881
Benefits	42,740	37,705	5,035
PS - Professional	-	689	(689)
PS - Other	605	1,701	(1,096)
Supplies	15,200	12,988	2,212
Food	71,500	56,889	14,611
Commodities	9,000	9,354	(354)
Property	1,000	4,352	(3,352)
Total Food Service	<u>233,045</u>	<u>210,797</u>	<u>22,248</u>
Contingency	<u>150,955</u>	<u>-</u>	<u>150,955</u>
TOTAL EXPENDITURES	<u>384,000</u>	<u>210,797</u>	<u>173,203</u>
CHANGE IN FUND BALANCE	<u>(228,000)</u>	<u>(65,480)</u>	<u>162,520</u>
BEGINNING FUND BALANCE	<u>228,000</u>	<u>128,703</u>	<u>(99,297)</u>
PRIOR PERIOD RESTATEMENT	-	12,978	12,978
BEGINNING FUND BALANCE (As Restated)	<u>228,000</u>	<u>141,681</u>	<u>(86,319)</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 76,201</u>	<u>\$ 76,201</u>

See accompanying Independent Auditors' Report.

CENTENNIAL SCHOOL DISTRICT R-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Designated Grants Fund
For the Year Ended June 30, 2018

	2018		Variance with Final Budget
	Final Budget	Actual	
REVENUES			
Federal Sources			
Federal Grants from CDE			
NCLB Title I, Part A - Improving Basic Programs Opreated by Schools	\$ 157,567	\$ 110,312	\$ (47,255)
NCLB Title III, Part A - English Language Acquistion	412	-	(412)
NCLB Title II, Part A - Teacher & Principal Training	19,132	15,947	(3,185)
Other Old Federal Grant Codes	10,000	-	(10,000)
TOTAL REVENUES	<u>187,111</u>	<u>126,259</u>	<u>(60,852)</u>
EXPENDITURES			
Instruction			
Salaries	102,000	64,416	37,584
Benefits	36,400	35,807	593
PS - Professional	14,447	10,631	3,816
PS - Other	334	220	114
Supplies	3,000	2,203	797
Total Instruction	<u>156,181</u>	<u>113,277</u>	<u>42,904</u>
Supporting Services			
Pupil Support			
PS - Professional	13,000	11,229	1,771
Supplies	2,000	360	1,640
Total Pupil Support	<u>15,000</u>	<u>11,589</u>	<u>3,411</u>
Staff Support			
Salaries	10,000	-	10,000
Benefits	3,300	1,365	1,935
PS - Professional	5,000	-	5,000
PS - Other	50	28	22
Supplies	5,000	-	5,000
Total Staff Support	<u>23,350</u>	<u>1,393</u>	<u>21,957</u>
School Administration			
Benefits	30	-	30
PS - Other	3,550	-	3,550
Total School Administration	<u>3,580</u>	<u>-</u>	<u>3,580</u>
Contingency			
	289,000	-	289,000
TOTAL EXPENDITURES	<u>487,111</u>	<u>126,259</u>	<u>360,852</u>
CHANGE IN FUND BALANCE	(300,000)	-	300,000
BEGINNING FUND BALANCE	300,000	9,526	(290,474)
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 9,526</u>	<u>\$ 9,526</u>

See accompanying Independent Auditors' Report.

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DEBT SERVICE FUND

Debt Service (Bond Redemption) Fund - This fund was established to account for the repayment of the District's general obligation debt.

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, 2018

	2018		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local Sources			
Property Taxes	\$ 400,000	\$ 474,551	\$ 74,551
Specific Ownership Taxes	35,000	38,280	3,280
Delinquent Taxes	33,000	20,674	(12,326)
Investment Earnings	7,000	9,803	2,803
TOTAL REVENUES	<u>475,000</u>	<u>543,308</u>	<u>68,308</u>
EXPENDITURES			
Supporting Services			
General Administration			
PS - Other	1,000	2,096	(1,096)
Debt Service			
Principal	224,000	305,000	(81,000)
Interest	250,000	156,044	93,956
Total Debt Service	474,000	461,044	12,956
TOTAL EXPENDITURES	<u>475,000</u>	<u>463,140</u>	<u>11,860</u>
CHANGE IN FUND BALANCE	-	80,168	80,168
BEGINNING FUND BALANCE	-	849,127	849,127
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 929,295</u>	<u>\$ 929,295</u>

See accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

CENTENNIAL SCHOOL DISTRICT R-1
 Balance Sheet
 Nonmajor Governmental Funds

June 30, 2018

	Special Revenue	Capital Projects	Totals
	Pupil Activity Fund	Building Fund	2018
ASSETS			
Cash and Investments	\$ 83,117	\$ 31,889	\$ 115,006
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities			
Interfund Accounts Payable	948	17,000	17,948
Fund Balance			
Committed for Fund Purposes	82,169	-	82,169
Assigned Fund Balance			
Other Assigned Fund Balance	-	14,889	14,889
Total Fund Balance	<u>82,169</u>	<u>14,889</u>	<u>97,058</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 83,117</u>	<u>\$ 31,889</u>	<u>\$ 115,006</u>

See accompanying Independent Auditors' Report.

CENTENNIAL SCHOOL DISTRICT R-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue	Capital Projects	Totals
	Pupil Activity Fund	Building Fund	2018
REVENUES			
Local Sources	\$ 23,487	\$ 54,275	\$ 77,762
State Sources	-	24,573	24,573
TOTAL REVENUES	<u>23,487</u>	<u>78,848</u>	<u>102,335</u>
EXPENDITURES			
Instruction	28,855	-	28,855
Facilities	-	108,744	108,744
TOTAL EXPENDITURES	<u>28,855</u>	<u>108,744</u>	<u>137,599</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(5,368)	(29,896)	(35,264)
OTHER FINANCING SOURCES (USES)			
Transfer In (Out) - net	10,000	-	10,000
CHANGE IN FUND BALANCE	<u>4,632</u>	<u>(29,896)</u>	<u>(25,264)</u>
BEGINNING FUND BALANCE	77,537	193,831	271,368
Prior Period Adjustment	-	(149,046)	(149,046)
BEGINNING FUND BALANCE (As Restated)	<u>77,537</u>	<u>44,785</u>	<u>122,322</u>
ENDING FUND BALANCE	<u>\$ 82,169</u>	<u>\$ 14,889</u>	<u>\$ 97,058</u>

See accompanying Independent Auditors' Report.

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Special Revenue (Athletic Activity) Funds

This funds account for the student activity resources that are dedicated to providing those special projects and services, respectively.

CENTENNIAL SCHOOL DISTRICT R-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Athletic Activity Fund
For the Year Ended June 30, 2018

	2018		Variance with Final Budget
	Final Budget	Actual	
REVENUES			
Local Sources			
Pupil Activity Revenues	\$ 57,000	\$ 23,487	\$ (33,513)
EXPENDITURES			
Instruction			
PS - Other	17,500	-	17,500
Supplies	49,500	28,855	20,645
TOTAL EXPENDITURES	67,000	28,855	38,145
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(10,000)	(5,368)	4,632
OTHER FINANCING SOURCES (USES)			
Transfers	10,000	10,000	-
CHANGE IN FUND BALANCE	-	4,632	4,632
BEGINNING FUND BALANCE	-	77,537	77,537
ENDING FUND BALANCE	\$ -	\$ 82,169	\$ 82,169

See accompanying Independent Auditors' Report.

CAPITAL PROJECTS FUND

Capital Projects Funds (Capital Reserve Fund and Building Fund) – These funds are used to account for the completion of major capital projects. The capital reserve activity is funded through elective transfers from the General Fund.

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, 2018

	2018		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local Sources			
Investment Earnings	\$ 1,000	\$ 260	\$ (740)
Insurance Proceeds	-	54,015	54,015
Other Local	1,000	-	(1,000)
Total Local Sources	<u>2,000</u>	<u>54,275</u>	<u>52,275</u>
State Sources			
Best Capital Construction Program	-	<u>24,573</u>	<u>24,573</u>
TOTAL REVENUES	<u>2,000</u>	<u>78,848</u>	<u>76,848</u>
EXPENDITURES			
Facilities/Capital Outlay			
PS - Professional	<u>15,000</u>	<u>108,744</u>	<u>(93,744)</u>
CHANGE IN FUND BALANCE	<u>(13,000)</u>	<u>(29,896)</u>	<u>(16,896)</u>
BEGINNING FUND BALANCE	13,000	193,831	180,831
PRIOR PERIOD RESTATEMENT	-	<u>(149,046)</u>	<u>(149,046)</u>
BEGINNING FUND BALANCE (As Restated)	<u>13,000</u>	<u>44,785</u>	<u>31,785</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 14,889</u>	<u>\$ 14,889</u>

See accompanying Independent Auditors' Report.

CENTENNIAL SCHOOL DISTRICT R-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Project Fund
For the Year Ended June 30, 2018

	2018		
	Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Supporting Services			
Operations and Maintenance			
Property	\$ 135,000	\$ -	\$ 135,000
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(135,000)	-	135,000
OTHER FINANCING SOURCES (USES)			
Transfers	15,000	15,000	-
CHANGE IN FUND BALANCE	(120,000)	15,000	135,000
BEGINNING FUND BALANCE	120,000	104,995	(15,005)
ENDING FUND BALANCE	\$ -	\$ 119,995	\$ 119,995

See accompanying Independent Auditors' Report.

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STATE COMPLIANCE

This report includes information required by the Colorado Department of Education.



Colorado Department of Education
Auditors Integrity Report
 District: 0640 - CENTENNIAL R-1
 Fiscal Year 2017-18
 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	1,001,706		2,838,547		2,744,633		1,095,620
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	527,170		167,693		262,073		432,790
Sub- Total	1,528,876		3,006,240		3,006,706		1,528,410
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	141,680		145,318		210,796		76,202
22 Govt Designated-Purpose Grants Fund	9,527		126,259		126,259		9,527
23 Pupil Activity Special Revenue Fund	77,537		33,487		28,855		82,169
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	849,127		543,308		463,140		929,295
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	44,784		78,848		108,744		14,889
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	104,995		15,000		0		119,995
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	2,756,525		3,948,460		3,944,500		2,760,485
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



Colorado Department of Education

Bolded Balance Sheet Report

District: 0640 - CENTENNIAL R-1

Fiscal Year 2017-18

Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	788,986	0	432,790	250,615	0	249,660	852,284	134,883	0	0	0	0	0	0	2,709,218
Cash with Fiscal Agent (8105)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Investment Accounts (8112-8115)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxes Receivable (8121,8122)	241,801	0	0	0	0	0	122,759	0	0	0	0	0	0	0	364,560
Interfund Loans Receivable (8131,8132)	444,046	0	0	0	0	0	0	17,000	0	0	0	0	0	0	461,046
Intergovernmental Accounts Rec (8141)	66,744	0	0	0	0	0	34,179	0	0	0	0	0	0	0	100,923
Grants Accounts Receivable (8142)	13,983	0	0	126,259	0	11,699	0	0	0	0	0	0	0	0	151,940
Other Receivables (8151-8154,8161)	5,587	0	0	0	0	766	0	0	0	0	0	0	0	0	6,353
Inventories (8171,8172,8173)	0	0	0	0	0	1,225	0	0	0	0	0	0	0	0	1,225
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Assets (8191-8194,8199)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sites (8211)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Site Improvements (8221)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accumulated Depreciation on Site Improvements (8222)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buildings (8231-8234)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Outflow (8800)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	1,561,146	0	432,790	376,874	0	263,349	1,009,222	151,883	0	0	0	0	0	0	3,795,265

Governmental

Proprietary

Fiduciary

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
LIABILITIES & FUND EQUITY															
LIABILITIES															
Interfund Payables (7401,7402)	0	0	0	266,098	0	177,948	0	17,000	0	0	0	0	0	0	461,046
Intergovernmental Payables (7411)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	22,390	0	0	0	0	230	0	0	0	0	0	0	0	0	22,620
Contracts Payable (7431-7433)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bonds Payables (7441-7445,7451,7452,7455)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Expenses (7461)	205,082	0	0	19,098	0	8,849	0	0	0	0	0	0	0	0	233,030
Payroll Ded. and Withholdings (7471-7473)	708	0	0	-17	0	11	0	0	0	0	0	0	0	0	702
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-Term Liabilities (7521,7531,7561,7590)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Compensated Absences (7541)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	157,299	0	0	0	0	109	79,927	0	0	0	0	0	0	0	237,335
Deferred Inflow Grants (7801)	80,047	0	0	0	0	0	0	0	0	0	0	0	0	0	80,047
Total Liabilities	465,526	0	0	285,179	0	187,148	79,927	17,000	0	0	0	0	0	0	1,034,780

Governmental

Proprietary

Fiduciary

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	1,225	0	0	0	0	0	0	0	0	1,225
Restricted Fund Balance 6720	0	0	0	0	0	0	929,295	0	0	0	0	0	0	0	929,295
TABOR 3% Emergency Reserve 6721	111,000	0	0	0	0	0	0	0	0	0	0	0	0	0	111,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	-94,380	0	0	0	0	0	0	0	0	0	0	0	-94,380
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	131,100	0	0	0	0	0	0	0	0	0	0	0	0	0	131,100
Committed Fund Balance 6750	0	0	0	91,695	0	61,999	0	0	0	0	0	0	0	0	153,694
Assigned Fund Balance 6760	0	0	0	0	0	0	0	283,930	0	0	0	0	0	0	283,930
Unassigned Fund Balance 6770	1,398,167	0	0	0	0	0	0	0	0	0	0	0	0	0	1,398,167
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	-544,647	0	527,170	0	0	12,978	0	-149,046	0	0	0	0	0	0	-153,545
Total Fund Equity	1,095,620	0	432,790	91,695	0	76,202	929,295	134,883	0	0	0	0	0	0	2,760,485

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	1,561,146	0	432,790	376,874	0	263,349	1,009,222	151,883	0	0	0	0	0	0	3,795,265
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	
Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes