

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

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORTS**

**FOR THE YEAR ENDING
JUNE 30, 2019**

CENTENNIAL SCHOOL DISTRICT R-1

SAN LUIS, COLORADO

ROSTER OF SCHOOL OFFICIALS

JUNE 30, 2019

BOARD OF EDUCATION

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

ADMINISTRATIVE STAFF

Toby Melster
Superintendent of Schools

Courtney Baker
Business Manager

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Roster of School Officials	
Table of Contents	
FINANCIAL SECTION	
MANAGEMENT’S DISCUSSION AND ANALYSIS	
(Required Supplementary Information – Unaudited)	M1 - M7
INDEPENDENT AUDITORS’ REPORT	
	1 - 2
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet - Governmental Funds	5
Reconciliation of Governmental Fund Balances to Governmental Activities Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	7
Reconciliation of Governmental Changes in Fund Balance to Governmental Activities Change in Net Position	8
Notes to Financial Statements	9 - 40
REQUIRED SUPPLEMENTARY INFORMATION (Pension and OPEB Schedules - Unaudited)	
Schedule of District’s Proportionate Share of the Net Pension Liability	41
Schedule of District Contributions – PERA Pension	42
Schedule of District’s Proportionate Share of the Net OPEB Liability	43
Schedule of District Contributions - OPEB	44

TABLE OF CONTENTS

(Continued)

	PAGE
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	46 - 48
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Food Service Fund	49
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Designated Grants Fund	50
OTHER SUPPLEMENTARY INFORMATION	
Balance Sheet - Nonmajor Governmental Funds	51
Schedule of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	52
Special Revenue Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Athletic Activity Fund	53
Capital Reserve Projects Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Building Fund	54
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Capital Reserve Project Fund	55
Debt Service Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Bond Redemption Fund	56
STATE COMPLIANCE	
Auditors Integrity Report	57
Bolded Balance Sheet Report	58 - 60

FINANCIAL SECTION

INTENTIONALLY LEFT BLANK

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, 2019**

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, 2019. 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 2019

- Total net position as of June 30, 2018 was \$7,586,053. Total Net Position as of June 30, 2019 was \$8,566,918, an increase of \$980,865.
- General revenues, primarily property taxes and state equalization payments, account for approximately \$3,342,604 or 78% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,002,718 of total revenues.
- The District had \$3,364,457 in expenses related to governmental activities; \$1,002,718 in addition to these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$3,342,604 provided for these programs.

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.

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

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.

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

District-wide Financial Analysis

Government-wide Analysis:

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets, or new resources that become available during fiscal year 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 2019. A comparative analysis is provided.

Activity Fund:

Total expenditures from the Student Activity Fund for 2018-2019 were \$71,102, an increase of \$42,247 from the fiscal year 2017-2018.

	Governmental Activities	
	2019	2018
Current & Other Assets	\$ 5,487,971	\$ 3,795,265
Capital Assets - Net	18,924,152	19,852,025
Total Deferred Outflows of Financial Resources	2,314,752	3,619,594
Total Assets	26,726,875	27,266,884
Current Liabilities	1,703,963	786,122
Non-Current Liabilities	10,791,651	17,817,999
Total Liabilities	12,495,614	18,604,121
Deferred Inflows of Resources	5,664,343	1,076,711
Net Investment in Capital Assets	13,559,152	13,563,739
Restricted Net Position	1,655,445	1,605,410
Unrestricted Net Position	(6,647,679)	(7,583,097)
Total Net Position	8,566,918	7,586,053
Total Liabilities, Deferred Inflows and Net Position	\$ 26,726,875	\$ 27,266,885

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

Table 2 provides a summary of the changes in net position. The following table is a specific discussion related to overall revenues and expenses.

TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES

	Governmental	
	Activities	
	2019	2018
Program Revenues:		
Charges for Services	\$ 177,164	\$ 113,009
Operating Grants	825,554	508,545
Capital Grants	-	24,573
Total Program Revenues	1,002,718	646,127
General Revenues:		
Taxes	1,584,511	1,571,731
State Equalization	1,670,522	1,549,918
Investment Income	21,124	11,358
Gain (Loss) on Capital Asset Disposals	8,288	5,587
Insurance Proceeds	-	54,015
Miscellaneous	58,159	109,723
Total General Revenues	3,342,604	3,302,332
Total Revenues	4,345,322	3,948,459
Expenses		
Instruction	1,481,438	3,209,232
Supporting Services	1,696,819	2,819,196
Invested in Long Term Debt	186,200	173,294
Total Expenses	3,364,457	6,201,722
Change in Net Position	980,865	(2,253,263)
Net Position - Beginning	7,586,053	9,839,316
Net Position - Ending	\$ 8,566,918	\$ 7,586,053

In the previous year, property taxes and per pupil state formula revenue (state equalization) accounted for most of the District's revenue, contributing about 79%. Normally State and Federal grants and private partnership grants contribute about 13% of revenue. Normally interest on investments, other sources and miscellaneous contribute the remaining 8%.

In fiscal year 2019, the revenue percentage of property taxes and state equalization is 78%, grants 19%, and all other 3%.

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.

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

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 \$13,906.42 per funded student. In fiscal year 2018, the funded pupil count was 216.9. 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.

Financial Analysis of the District's Funds

Information about the District's funds starts on page 7. 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 general fund, an increase of \$246,553 to a year-end balance of \$1,774,962.

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 2019, the District had invested \$18,924,152 in a broad range of capital assets, including land, buildings and improvements, machinery and equipment, and vehicles. (see Table 4)

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

Table 4 - Governmental Capital Assets

	<u>Balance 01/00/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/19</u>
<u>Governmental Activities:</u>				
Capital Assets, not being depreciated:				
Land	\$ 131,307	\$ -	\$ -	\$ 131,307
Capital Assets, being depreciated:				
Buildings and Improvements	21,224,333	-	-	21,224,333
Transportation Equipment	591,737	63,189	24,978	629,948
Other Equipment	961,285	131,402	3,000	1,089,687
Total Capital Assets being depreciated	<u>22,777,355</u>	<u>194,591</u>	<u>27,978</u>	<u>22,943,968</u>
Accumulated Depreciation:				
Buildings and Improvements	(2,740,843)	(421,978)	-	(3,162,821)
Transportation Equipment	(484,632)	(23,187)	(24,978)	(482,841)
Other Equipment	(439,448)	(69,013)	(3,000)	(505,461)
Total Accum. Depreciation	<u>(3,664,923)</u>	<u>(514,178)</u>	<u>(27,978)</u>	<u>(4,151,123)</u>
Net Governmental Capital Assets	<u>\$ 19,243,739</u>	<u>\$ (319,587)</u>	<u>\$ -</u>	<u>\$ 18,924,152</u>

At June 30, 2019, the District had \$11,333,726 in total long-term debt. Of this amount, \$350,921 is due within one year. Table 5 details the outstanding debt and the portion due within one year for the District.

TABLE 5 - LONG-TERM OBLIGATIONS

	<u>Balance 6/30/18</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance 6/30/19</u>	<u>Current Portion</u>
<u>Governmental Activities</u>					
2012 GO Bonds	\$ 5,680,000	\$ -	\$ (315,000)	\$ 5,365,000	\$ 325,000
Bond Premiums	248,676	-	(27,068)	221,608	25,931
PERA OPEB Liability	262,641	7,209	-	269,850	-
PERA Net Pension Obligation	11,501,312	-	(6,098,245)	5,403,067	-
Accrued Compensated Absence	125,370	-	(51,169)	74,201	-
Total Long-Term Obligations	<u>\$ 17,817,999</u>	<u>\$ 7,209</u>	<u>\$ (6,491,482)</u>	<u>\$ 11,333,726</u>	<u>\$ 350,931</u>
Deferred Charge on Refunding	<u>\$ 608,286</u>	<u>\$ -</u>	<u>\$ (66,211)</u>	<u>\$ 542,075</u>	<u>\$ -</u>

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

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 216.9 students in 2018-2019. In 2017-18 the Colorado Department of Education reported enrollment at 217.2 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.

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, 2019, 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, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Centennial School District R-1's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

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

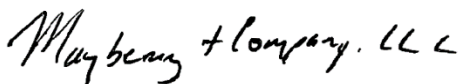
Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M7 and pension schedules on pages 41 - 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, 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 45 - 50 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 51 - 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.



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, 2019.

CENTENNIAL SCHOOL DISTRICT R-1
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Investments	\$ 3,490,476
Cash with Fiscal Agent	248,153
Taxes Receivable	373,203
Interfund Accounts Receivable	1,364,620
Grants Receivable	8,832
Other Accounts Receivable	543
Inventory	2,144
Total Current Assets	<u>5,487,971</u>
Noncurrent Assets	
Capital Assets, not being depreciated	131,307
Capital Assets, being depreciated	18,792,845
Total Noncurrent Assets	<u>18,924,152</u>
TOTAL ASSETS	<u>24,412,123</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Net Deferred Outflows Pensions	2,298,578
Net Deferred Outflows OPEB	16,174
TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>2,314,752</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 26,726,875</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	
LIABILITIES	
Current Liabilities	
Interfund Accounts Payable	1,364,618
Accounts Payable	\$ 16,303
Accrued Interest	65,837
Accrued Salaries & Benefits	258,498
Payroll Taxes & Deductions Payable	(1,293)
Total Current Liabilities	<u>1,703,963</u>
Noncurrent Liabilities	
Due Within One Year	350,931
Due In More Than One Year	10,440,720
Total Noncurrent Liabilities	<u>10,791,651</u>
TOTAL LIABILITIES	<u>12,495,614</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Deferred Revenue	263,425
Deferred Grant Revenue	595,846
Net Deferred Inflows Pensions	4,795,879
Net Deferred Inflows OPEB	9,193
TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES	<u>5,664,343</u>
NET POSITION	
Net Investment in Capital Assets	13,559,152
Restricted Net Position	1,655,445
Unrestricted Net Position	(6,647,679)
TOTAL NET POSITION	<u>8,566,918</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 26,726,875</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, 2019

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Primary Government				
Governmental Activities				
Instruction	\$ 1,475,433	\$ 76,692	\$ 326,355	\$ (1,072,386)
Supporting Services	1,697,244	94,892	499,199	(1,103,153)
Interest on Long Term Debt	186,200	-	-	(186,200)
Total Primary Government	<u>\$ 3,358,877</u>	<u>\$ 171,584</u>	<u>\$ 825,554</u>	<u>(2,361,739)</u>
General Revenues				
Property Taxes				1,469,353
Specific Ownership Taxes				115,158
State Equalization				1,670,522
Investment Earnings				21,124
Gain (Loss) on Capital Asset Disposals				8,288
Other Revenues				58,159
Total General Revenues and Transfers				<u>3,342,604</u>
Change in Net Position				980,865
Beginning Net Position				<u>7,586,053</u>
Ending Net Position				<u>\$ 8,566,918</u>

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

CENTENNIAL SCHOOL DISTRICT R-1
 Balance Sheet
 Governmental Funds
 June 30, 2019
 (With Comparative Totals for June 30, 2018)

	Special Revenue			Debt Service
	General Fund	Food Service Fund	Designated Grants Fund	Bond Redemption Fund
ASSETS				
Cash and Investments	\$ 1,320,035	\$ 342,604	\$ 729,336	\$ 939,555
Cash with Fiscal Agent	211,500	-	-	36,653
Taxes Receivable	247,708	-	-	125,495
Interfund Accounts Receivable	882,406	27,148	431,991	-
Grants Receivable	8,327	505	-	-
Other Accounts Receivable	-	543	-	-
Inventory	-	2,144	-	-
TOTAL ASSETS	\$ 2,669,976	\$ 372,944	\$ 1,161,327	\$ 1,101,703
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities				
Interfund Accounts Payable	\$ 459,139	\$ 327,797	\$ 559,734	\$ -
Accounts Payable	7,814	19	6,691	-
Accrued Salaries & Benefits	242,569	14,578	1,351	-
Payroll Taxes & Deductions Payable	(1,208)	(68)	(17)	-
Total Liabilities	708,314	342,326	567,759	-
Deferred Inflows of Financial Resources				
Deferred Revenue	174,895	130	-	88,400
Deferred Grant Revenue	11,805	-	584,041	-
Total Deferred Inflows of Financial Resources	186,700	130	584,041	88,400
Fund Balance				
Nonspendable Fund Balance	-	2,144	-	-
Restricted Fund Balance				
Restricted for Debt Service	-	-	-	1,013,303
Restricted for TABOR Emergencies	117,000	-	-	-
Restricted for Colorado Preschool Program	349,198	-	-	-
Restricted for Best Replacement Reserve	173,800	-	-	-
Committed Fund Balance				
Committed for Fund Purposes	-	28,344	9,527	-
Assigned Fund Balance				
Other Assigned Fund Balance	-	-	-	-
Unassigned Fund Balance	1,134,964	-	-	-
Total Fund Balance	1,774,962	30,488	9,527	1,013,303
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 2,669,976	\$ 372,944	\$ 1,161,327	\$ 1,101,703

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

Totals

Other Governmental

Funds	2019	2018
\$ 158,946	\$ 3,490,476	\$ 2,709,218
-	248,153	100,923
-	373,203	364,560
23,074	1,364,620	461,046
-	8,832	151,941
-	543	6,352
-	2,144	1,225
<u>\$ 182,020</u>	<u>\$ 5,487,971</u>	<u>\$ 3,795,265</u>

\$ 17,947	\$ 1,364,618	\$ 461,046
1,779	16,303	22,620
-	258,498	233,029
-	(1,293)	702
<u>19,726</u>	<u>1,638,126</u>	<u>717,397</u>

-	263,425	237,335
-	595,846	80,047
-	859,271	317,382

-	2,144	1,225
-	1,013,303	929,295
-	117,000	111,000
-	349,198	432,790
-	173,800	131,100
93,339	131,210	166,672
68,955	68,955	134,884
-	1,134,964	853,520
<u>162,294</u>	<u>2,990,574</u>	<u>2,760,486</u>
<u>\$ 182,020</u>	<u>\$ 5,487,971</u>	<u>\$ 3,795,265</u>

INTENTIONALLY LEFT BLANK

CENTENNIAL SCHOOL DISTRICT R-1
Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2019

Fund Balance - Governmental Funds		\$	2,990,574
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		22,943,968	
Accumulated depreciation		<u>(4,151,123)</u>	18,924,152
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		2,298,578	
Net pension liability		(5,403,067)	
Net pension deferred inflows		<u>(4,795,879)</u>	(7,900,368)
PERA Health Care Trust Fund (OPEB)			
Net OPEB deferred outflows		16,174	
Net OPEB liability		(269,850)	
Net OPEB deferred inflows		<u>(9,193)</u>	(262,869)
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		542,075	
Bond premiums		<u>(221,608)</u>	320,467
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Bonds payable		(5,365,000)	
Accrued interest payable		(65,837)	
Accrued compensated absences		<u>(74,201)</u>	<u>(5,505,038)</u>
Total Net Position - Governmental Activities			<u>\$ 8,566,918</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, 2019
(With Comparative Totals 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	\$ 1,196,573	\$ 12,795	\$ -	\$ 551,525
State Sources	2,073,899	931	-	-
Federal Sources	-	133,764	287,482	-
TOTAL REVENUES	<u>3,270,472</u>	<u>147,490</u>	<u>287,482</u>	<u>551,525</u>
EXPENDITURES				
Instruction	1,351,368	-	259,118	-
Pupil Support	158,684	-	5,926	-
Staff Support	154,439	-	2,438	-
General Administration	353,512	-	20,000	2,573
School Administration	175,005	-	-	-
Business Services	90,800	-	-	-
Operations and Maintenance	381,177	-	-	-
Transportation	154,894	-	-	-
Other Central Support	74,644	-	-	-
Risk Management	34,739	-	-	-
Food Service	-	193,204	-	-
Community Support	94,657	-	-	-
Facilities	-	-	-	-
Debt Service	-	-	-	464,944
TOTAL EXPENDITURES	<u>3,023,919</u>	<u>193,204</u>	<u>287,482</u>	<u>467,517</u>
CHANGE IN FUND BALANCE	246,553	(45,714)	-	84,008
BEGINNING FUND BALANCE	<u>1,528,409</u>	<u>76,202</u>	<u>9,527</u>	<u>929,295</u>
ENDING FUND BALANCE	<u>\$ 1,774,962</u>	<u>\$ 30,488</u>	<u>\$ 9,527</u>	<u>\$ 1,013,303</u>

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

Totals

Other Governmental

<u>Funds</u>	<u>2019</u>	<u>2018</u>
\$ 82,773	\$ 1,843,666	\$ 1,866,348
-	2,074,830	1,818,221
-	421,246	263,891
<u>82,773</u>	<u>4,339,742</u>	<u>3,948,460</u>
65,522	1,676,008	1,612,764
-	164,610	247,693
-	156,877	61,204
-	376,085	326,606
-	175,005	180,426
-	90,800	85,461
63,189	444,366	343,595
-	154,894	125,800
-	74,644	60,551
-	34,739	45,838
-	193,204	210,796
-	94,657	73,979
8,821	8,821	108,744
-	464,944	461,044
<u>137,532</u>	<u>4,109,654</u>	<u>3,944,501</u>
(54,759)	230,088	3,959
<u>217,053</u>	<u>2,760,486</u>	<u>2,756,527</u>
<u>\$ 162,294</u>	<u>\$ 2,990,574</u>	<u>\$ 2,760,486</u>

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, 2019

Change in Fund Balance - Governmental Funds \$ 230,088

Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level

Capitalized Asset Purchases	\$ 194,591	
Depreciation Expense	<u>(514,178)</u>	(319,587)

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	(1,311,024)	
Change in net pension liability	6,098,245	
Change in deferred pension inflows	<u>(4,042,644)</u>	744,577

PERA Health Care Trust Fund (OPEB)

Change in deferred OPEB outflows	6,182	
Change in net OPEB liability	(7,209)	
Change in deferred OPEB inflows	<u>(3,099)</u>	(4,126)

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	315,000	
Change in accrued interest payable	2,887	
Amortization of premiums and discounts	(39,143)	
Change in accrued compensated absences	<u>51,169</u>	<u>329,913</u>

Change in Net Position - Governmental Activities \$ 980,865

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

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 2018 property taxes were both measurable and available at June 30, 2019, the District has recognized a receivable (net of uncollectible portion) for property taxes levied January 1, 2019 but not collected by June 30, 2019. 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, 2019, the District has recorded accrued leave as disclosed in Note 5.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019

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	\$ 2,550,921
Restricted for debt service	<u>939,555</u>
Total Cash and Investments	<u>\$ 3,490,476</u>
Cash in Bank	\$ 2,467,263
Investments	<u>1,023,213</u>
Total Cash and Investments	<u>\$ 3,490,476</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, 2019, 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 Balance	Carrying Balance
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized (Not held in District's name)	<u>2,327,282</u>	<u>2,217,263</u>
Total Deposits	<u>\$ 2,577,282</u>	<u>\$ 2,467,263</u>

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019, 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, 2019

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, 2019, the District did not have any investments requiring safekeeping.

The Districts investments are as follows:

	<u>Carrying Value</u>	<u>Weighted Average Maturity (in Years)</u>	<u>Rating</u>
Local Government Investment Pools	\$ 83,658	-	AAAm
Local Govt Invest Pools (Bond Trustee)	<u>939,555</u>	-	AAAm
Total Investments	<u>\$ 1,023,213</u>		

NOTE 3: INVENTORIES

Food Service Fund inventory as of June 30, 2019, of \$2,144, 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, 2019

NOTE 4: CAPITAL ASSETS

Activity for governmental activities capital assets is summarized below:

	<u>Balance 01/00/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/19</u>
<u>Governmental Activities:</u>				
Capital Assets, not being depreciated:				
Land	\$ 131,307	\$ -	\$ -	\$ 131,307
Capital Assets, being depreciated:				
Buildings and Improvements	21,224,333	-	-	21,224,333
Transportation Equipment	591,737	63,189	24,978	629,948
Other Equipment	961,285	131,402	3,000	1,089,687
Total Capital Assets being depreciated	<u>22,777,355</u>	<u>194,591</u>	<u>27,978</u>	<u>22,943,968</u>
Accumulated Depreciation:				
Buildings and Improvements	(2,740,843)	(421,978)	-	(3,162,821)
Transportation Equipment	(484,632)	(23,187)	(24,978)	(482,841)
Other Equipment	(439,448)	(69,013)	(3,000)	(505,461)
Total Accum. Depreciation	<u>(3,664,923)</u>	<u>(514,178)</u>	<u>(27,978)</u>	<u>(4,151,123)</u>
Net Governmental Capital Assets	<u>\$ 19,243,739</u>	<u>\$ (319,587)</u>	<u>\$ -</u>	<u>\$ 18,924,152</u>

Depreciation is allocated between functions as follows:

Instruction	\$ 233,883
Support Services	280,295
Governmental Depreciation Allocation	<u>\$ 514,178</u>

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, 2019, are \$242,569, \$14,578, and \$1,351, respectively. Accordingly, the accrued compensation is reflected as a liability in the funds in the accompanying financial statements.

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6: LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the District for the year ended June 30, 2019:

	<u>Balance</u> <u>6/30/18</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/19</u>	<u>Current</u> <u>Portion</u>	<u>Interest</u> <u>Expense</u>
<u>Governmental Activities</u>						
2012 GO Bonds	\$ 5,680,000	\$ -	\$ (315,000)	\$ 5,365,000	\$ 325,000	\$ 149,944
Bond Premiums	248,676	-	(27,068)	221,608	25,931	-
PERA OPEB Liability	262,641	7,209	-	269,850	-	-
PERA Net Pension Obligation	11,501,312	-	(6,098,245)	5,403,067	-	-
Accrued Compensated Absence	125,370	-	(51,169)	74,201	-	-
Total Long-Term Obligations	<u>\$ 17,817,999</u>	<u>\$ 7,209</u>	<u>\$ (6,491,482)</u>	<u>\$ 11,333,726</u>	<u>\$ 350,931</u>	<u>\$ 149,944</u>
Deferred Charge on Refunding	<u>\$ 608,286</u>	<u>\$ -</u>	<u>\$ (66,211)</u>	<u>\$ 542,075</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>
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	355,000	115,019	470,019
2025-2029	1,925,000	437,863	2,362,863
2030-2032	<u>1,740,000</u>	<u>140,488</u>	<u>1,880,488</u>
Totals	<u>\$ 5,365,000</u>	<u>\$ 1,227,596</u>	<u>\$ 6,592,596</u>

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 plan 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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan

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*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases 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.

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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2018. 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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 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 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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 lifetime retirement benefit formula(s) 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.

Contributions provisions as of June 30, 2019: Eligible employees the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

	January 1, 2018 Through December	January 1, 2019 Through June 30,
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	5.50%	5.50%
Total employer contribution rate to the SCHDTF	19.13%	19.13%

Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$320,905 for the year ended June 30, 2019.

The net pension liability for the SCHDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The District proportion of the net pension liability was based on the District’s contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2019, the District reported a liability of \$5,403,067 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	(5,403,067)
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$	(649,926)
Total	\$	(6,052,993)

At December 31, 2018, the District proportion was 0.03051 percent, which was a decrease of 0.00505 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$215,358 and revenue of \$43,879 for support from the State as a nonemployer contributing entity. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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	\$ 197,563	\$ -
Changes of assumptions or other inputs	\$ 1,180,372	\$ (3,360,126)
Net difference between projected and actual earnings on pension plan investments	\$ 744,731	\$ (509,756)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 16,552	\$ (925,997)
Contributions subsequent to the measurement date	\$ 159,360	\$ -
Total	\$ 2,298,578	\$ (4,795,879)

\$159,360 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, 2020. 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 Totals
2020	\$ (408,706)
2021	(1,438,419)
2022	(970,634)
2023	161,098
Total	\$ (2,656,661)

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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	4.78%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00% percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

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)

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 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 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:

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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)

Asset Class	Target Allocation	30 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%	

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 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:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

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)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. 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 middle of the year.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent.

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 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current measurement date.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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)

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (6,869,075)	\$ (5,403,067)	\$ (4,172,838)

Pension plan fiduciary net position. Detailed information about the SCHDTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

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, 2019 program members contributed \$1,487.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Summary of Significant Accounting Policies

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.

General Information about the OPEB Plan

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 (CAFR) 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, 2019

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.

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.

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

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 \$17,110 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$269,850 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the District's proportion was 0.01983 percent, which was a decrease of 0.00038 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$54,340. At June 30, 2019, 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	\$ 998	\$ (411)
Net difference between projected and actual earnings on pension plan investments	\$ 4,786	\$ (3,296)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (5,486)
Contributions subsequent to the measurement date	\$ 8,497	\$ -
Total	\$ 16,174	\$ (9,193)

CENTENNIAL SCHOOL DISTRICT R-1

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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)

\$8,497 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, 2020. 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
2020	\$ (515)
2021	(515)
2022	(516)
2023	583
2024	(532)
2025	(21)
Total	\$ (1,516)

Actuarial assumptions. The total OPEB liability in the December 31, 2017 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	3.25 % for 2018, gradually rising to 5.00% in 2025
DPS Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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, 2019

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 actuarial assumptions used in the December 31, 2017, 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 capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$736	\$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
United Healthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
United Healthcare Medicare HMO	400

All costs are subject to the health care cost trend rates, as discussed below.

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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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 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, 2017, 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
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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 the 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.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 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 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

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

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita 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 2018 plan year.
- 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.

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.

CENTENNIAL SCHOOL DISTRICT R-1

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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)

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	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’s 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	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Proportionate share of the net OPEB asset (liability)	\$ (262,398)	\$ (269,850)	\$ (278,421)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2018, 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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 middle of the year.

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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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 District’s 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (301,939)	\$ (269,850)	\$ (242,417)

OPEB plan fiduciary net position. Detailed information about the HCTF’s fiduciary net position is available in PERA’s CAFR 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, 2019.

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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.

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 \$117,000 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, 2019 was \$173,800.

NOTE 12: INTERFUND TRANSFERS

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

General Fund due from other funds	\$ 423,267
Capital Fund due from other funds	<u>17,000</u>
Total due from other funds	<u>\$ 440,267</u>
Food Service Fund due to other funds	\$ 300,649
Designated Grants Fund due to other funds	127,743
Athletic Activity Fund due to other funds	948
Building Fund due to other funds	<u>10,927</u>
Total due to other funds	<u>\$ 440,267</u>

CENTENNIAL SCHOOL DISTRICT R-1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 13: DEFICIT NET POSITION

The Governmental Activities has an unrestricted net position deficit of \$(6,647,679) primarily due to the PERA net pension liability of \$5,403,067, and OPEB net liability of \$269,850 and related deferrals 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.

INTENTIONALLY LEFT BLANK

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>Fiscal Year Ended</u>	<u>District's proportion of the net pension asset (liability)</u>	<u>District's proportionate share of the net pension asset (liability)</u>	<u>Non-employer contributing entity's total proportionate share of the net pension asset (liability)</u>	<u>Total proportionate share associated with District's</u>	<u>District's covered payroll</u>	<u>District's proportionate share of the net pension asset (liability) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total Pension liability</u>
June 30, 2014	0.032831%	\$ (4,187,593)	\$ -	\$ (4,187,593)	\$ 1,323,522	316.40%	64.07%
June 30, 2015	0.034903%	\$ (4,730,490)	\$ -	\$ (4,730,490)	\$ 1,462,096	323.54%	62.84%
June 30, 2016	0.034958%	\$ (5,346,556)	\$ -	\$ (5,346,556)	\$ 1,523,455	350.95%	59.16%
June 30, 2017	0.035830%	\$ (10,668,029)	\$ -	\$ (10,668,029)	\$ 1,608,123	663.38%	43.13%
June 30, 2018	0.035568%	\$ (11,501,312)	\$ -	\$ (11,501,312)	\$ 1,640,693	701.00%	43.96%
June 30, 2019	0.030514%	\$ (5,403,067)	\$ (649,926)	\$ (6,052,993)	\$ 1,677,499	322.09%	57.01%

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 Pension Plan

Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year Ended</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2014	\$ 205,543	\$ (205,543)	-	\$ 1,323,522	15.53%
June 30, 2015	\$ 240,222	\$ (240,222)	-	\$ 1,462,096	16.43%
June 30, 2016	\$ 264,015	\$ (264,015)	-	\$ 1,523,455	17.33%
June 30, 2017	\$ 291,553	\$ (291,553)	-	\$ 1,608,123	18.13%
June 30, 2018	\$ 305,661	\$ (305,661)	-	\$ 1,640,693	18.63%
June 30, 2019	\$ 320,905	\$ (320,905)	-	\$ 1,677,499	19.13%

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

Fiscal Year Ended	District's proportion of the net OPEB asset (liability)	District's proportionate share of the net OPEB asset (liability)	District's covered payroll	District's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
June 30, 2017	0.020366%	\$ (264,056)	\$ 1,608,123	16.42%	16.70%
June 30, 2018	0.020209%	\$ (262,641)	\$ 1,640,693	16.01%	17.53%
June 30, 2019	0.019834%	\$ (269,850)	\$ 1,677,499	16.09%	17.03%

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>Fiscal Year Ended</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2017	\$ 16,403	\$ (16,403)	\$ -	\$ 1,608,123	1.02%
June 30, 2018	\$ 16,735	\$ (16,735)	\$ -	\$ 1,640,693	1.02%
June 30, 2019	\$ 17,110	\$ (17,110)	\$ -	\$ 1,677,499	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.

INTENTIONALLY LEFT BLANK

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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019			2018 Actual
	Original/ Final Budget	Actual	Variance with Final Budget	
REVENUES				
Local Sources				
Property Taxes	\$ 1,066,000	\$ 913,528	\$ (152,472)	\$ 929,413
Specific Ownership Taxes	20,000	76,465	56,465	70,211
Delinquent Taxes	20,000	61,957	41,957	38,602
Other Taxes	-	110	110	-
Investment Earnings	600	2,043	1,443	1,295
Community Service Revenue	60,000	78,255	18,255	64,889
Donations	-	-	-	925
Sale of Fixed Assets/Insurance Proceeds	10,000	8,288	(1,712)	5,587
Instructional Materials Fees	-	-	-	18,977
Overhead Cost Revenue	-	12,692	12,692	-
Other Local	50,000	43,235	(6,765)	108,565
Total Local Sources	<u>1,226,600</u>	<u>1,196,573</u>	<u>(30,027)</u>	<u>1,238,464</u>
State Sources				
State Share (Equalization)	1,670,000	1,670,522	522	1,549,918
State Transportation	35,000	40,586	5,586	32,540
State Grants from CDE				
State ELPA: Professional Development and Student Support	5,000	-	(5,000)	3,821
State ELPA	412	-	(412)	2,690
State Gifted and Talented	6,800	-	(6,800)	-
Expelled and At Risk Students	124,844	124,844	-	181,455
State Grants to Libraries	3,500	3,500	-	3,500
Small Rural Schools Additional Funding	35,000	160,537	125,537	-
Additional At-Risk Funding	2,000	2,513	513	2,513
READ Act	10,000	14,191	4,191	8,954
Other CDE State Grants	-	1,000	1,000	-
State Grants from Other Agencies				
Other Agency State Grants	-	48,879	48,879	-
State Grants Provided through BOCES	-	7,327	7,327	7,236
Total State Sources	<u>1,892,556</u>	<u>2,073,899</u>	<u>181,343</u>	<u>1,792,627</u>
Federal Sources				
Federal Grants from CDE				
Race to the Top - Early Childhood Readiness Assessment	-	-	-	149
TOTAL REVENUES	<u>3,119,156</u>	<u>3,270,472</u>	<u>151,316</u>	<u>3,031,240</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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019			2018 Actual
	Original/ Final Budget	Actual	Variance with Final Budget	
(Continued)				
EXPENDITURES				
Instruction				
Salaries	981,620	685,160	296,460	940,426
Benefits	352,190	403,528	(51,338)	322,621
PS - Professional	22,000	21,773	227	10,425
PS - Property	1,000	-	1,000	320
PS - Other	9,386	14,372	(4,986)	20,004
Supplies	59,700	71,388	(11,688)	54,890
Property	250,000	155,147	94,853	121,946
Other Expenses	5,000	-	5,000	-
Total Instruction	<u>1,680,896</u>	<u>1,351,368</u>	<u>329,528</u>	<u>1,470,632</u>
Supporting Services				
Pupil Support				
Salaries	48,850	91,080	(42,230)	92,156
Benefits	14,665	26,259	(11,594)	36,375
PS - Professional	12,720	14,130	(1,410)	87,077
PS - Other	17,865	22,013	(4,148)	17,268
Supplies	2,450	4,317	(1,867)	3,196
Property	-	885	(885)	-
Other Expenses	-	-	-	32
Total Pupil Support	<u>96,550</u>	<u>158,684</u>	<u>(62,134)</u>	<u>236,104</u>
Staff Support				
Salaries	84,202	77,107	7,095	35,528
Benefits	29,122	32,349	(3,227)	7,687
PS - Professional	28,915	31,742	(2,827)	1,202
PS - Other	6,120	4,520	1,600	959
Supplies	8,000	8,417	(417)	7,535
Property	1,800	-	1,800	6,900
Other Expenses	-	304	(304)	-
Total Staff Support	<u>158,159</u>	<u>154,439</u>	<u>3,720</u>	<u>59,811</u>
General Administration				
Salaries	122,000	108,855	13,145	129,029
Benefits	47,785	56,618	(8,833)	38,362
PS - Professional	82,000	91,203	(9,203)	72,989
PS - Property	12,000	6,752	5,248	9,038
PS - Other	46,050	47,948	(1,898)	49,979
Supplies	6,500	12,274	(5,774)	8,089
Property	1,000	11,573	(10,573)	1,970
Other Expenses	14,000	18,289	(4,289)	15,054
Total General Administration	<u>331,335</u>	<u>353,512</u>	<u>(22,177)</u>	<u>324,510</u>
School Administration				
Salaries	115,180	112,641	2,539	113,367
Benefits	38,565	35,665	2,900	35,201
PS - Professional	19,730	10,825	8,905	6,286
PS - Property	12,700	11,212	1,488	13,478
PS - Other	1,575	643	932	10,457
Supplies	4,300	4,019	281	1,547
Other Expenses	1,300	-	1,300	90
Total School Administration	<u>193,350</u>	<u>175,005</u>	<u>18,345</u>	<u>180,426</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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019		Variance with Final Budget	2018 Actual
	Original/ Final Budget	Actual		
(Continued)				
EXPENDITURES (Continued)				
Supporting Services (Continued)				
Business Services				
Salaries	46,900	66,779	(19,879)	62,213
Benefits	16,700	18,493	(1,793)	16,910
PS - Professional	4,250	4,650	(400)	4,662
PS - Other	2,160	200	1,960	187
Supplies	1,500	678	822	1,489
Other Expenses	500	-	500	-
Total Business Services	<u>72,010</u>	<u>90,800</u>	<u>(18,790)</u>	<u>85,461</u>
Operations and Maintenance				
Salaries	106,500	130,299	(23,799)	106,704
Benefits	44,725	57,944	(13,219)	40,308
PS - Professional	10,000	45,062	(35,062)	23,818
PS - Property	9,000	9,114	(114)	8,783
PS - Other	31,300	22,794	8,506	30,742
Supplies	130,000	111,028	18,972	129,015
Property	5,000	4,936	64	4,223
Total Operations and Maintenance	<u>336,525</u>	<u>381,177</u>	<u>(44,652)</u>	<u>343,593</u>
Transportation				
Salaries	66,000	75,204	(9,204)	50,588
Benefits	28,065	26,831	1,234	14,703
PS - Professional	16,500	150	16,350	3,050
PS - Other	25,480	9,429	16,051	19,152
Supplies	71,000	40,379	30,621	35,892
Property	2,000	2,173	(173)	2,265
Other Expenses	-	728	(728)	150
Total Transportation	<u>209,045</u>	<u>154,894</u>	<u>54,151</u>	<u>125,800</u>
Other Central Support				
PS - Other	<u>71,000</u>	<u>74,644</u>	<u>(3,644)</u>	<u>60,551</u>
Risk Management				
PS - Other	<u>65,000</u>	<u>34,739</u>	<u>30,261</u>	<u>45,838</u>
Community Support				
Salaries	56,000	62,861	(6,861)	51,890
Benefits	22,150	29,592	(7,442)	19,836
PS - Other	450	492	(42)	153
Supplies	2,000	1,712	288	2,100
Total Community Support	<u>80,600</u>	<u>94,657</u>	<u>(14,057)</u>	<u>73,979</u>
Contingency	<u>1,005,686</u>	<u>-</u>	<u>1,005,686</u>	<u>-</u>
TOTAL EXPENDITURES	<u>4,300,156</u>	<u>3,023,919</u>	<u>1,276,237</u>	<u>3,006,705</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(1,181,000)	246,553	1,427,553	24,535
OTHER FINANCING SOURCES (USES)				
Transfers	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>	<u>(25,000)</u>
CHANGE IN FUND BALANCE	<u>(1,206,000)</u>	<u>246,553</u>	<u>1,452,553</u>	<u>(465)</u>
BEGINNING FUND BALANCE	<u>1,206,000</u>	<u>1,528,409</u>	<u>322,409</u>	<u>1,528,874</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 1,774,962</u>	<u>\$ 1,774,962</u>	<u>\$ 1,528,409</u>

See accompanying Independent Auditors' Report.

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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019			
	Original/ Final		Variance with Final	2018
	Budget	Actual	Budget	Actual
REVENUES				
Local Sources				
Food Service Revenue	\$ 11,000	\$ 3,945	\$ (7,055)	\$ 5,655
Other Local	8,500	8,850	350	1,158
Total Local Sources	19,500	12,795	(6,705)	6,813
State Sources				
State Matching Child Nutrition	2,400	931	(1,469)	1,021
Federal Sources				
Federal Grants from CDE				
School Breakfast Program	86,600	36,487	(50,113)	38,272
National School Lunch Program	80,000	-	(80,000)	73,770
Federal Fresh Fruit & Vegetable Program	13,019	11,508	(1,511)	9,939
Federal Grants from Other State Agencies				
National School Lunch Program - Commodities	89,000	85,769	(3,231)	9,354
CACFP	-	-	-	6,148
Total Federal Sources	268,619	133,764	(134,855)	137,483
TOTAL REVENUES	290,519	147,490	(143,029)	145,317
EXPENDITURES				
Supporting Services				
School Administration				
Benefits	30	-	30	-
Food Service				
Salaries	93,000	75,703	17,297	87,119
Benefits	42,740	33,821	8,919	37,705
PS - Professional	-	1,079	(1,079)	689
PS - Other	605	853	(248)	1,701
Supplies	86,700	74,155	12,545	12,988
Food	-	-	-	56,889
Commodities	9,000	7,593	1,407	9,354
Property	1,000	-	1,000	4,352
Total Food Service	233,045	193,204	39,841	210,797
Contingency	150,955	-	150,955	-
TOTAL EXPENDITURES	384,030	193,204	190,826	210,797
CHANGE IN FUND BALANCE	(93,511)	(45,714)	47,797	(65,480)
BEGINNING FUND BALANCE	228,000	76,202	(151,798)	141,682
ENDING FUND BALANCE	\$ 134,489	\$ 30,488	\$ (104,001)	\$ 76,202

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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019		Variance with Final Budget	2018	
	Original/ Final Budget	Actual		Budget	Actual
REVENUES					
Federal Sources					
Federal Grants from CDE					
NCLB Title I, Part A - Improving Basic Programs Opreated by Schools	\$ 157,567	\$ 242,556	\$ 84,989	\$ 110,312	
NCLB Title II, Part A - Teacher & Principal Training	19,132	19,427	295	15,947	
ESSA, Title IV-A: Student Support and Academic Enrichment Grants	-	20,000	20,000	-	
Title V-B, Rural and Low Income Schools	-	5,499	5,499	-	
Other Old Federal Grant Codes	10,000	-	(10,000)	-	
Federal Provided through BOCES	412	-	(412)	-	
TOTAL REVENUES	<u>187,111</u>	<u>287,482</u>	<u>100,371</u>	<u>126,259</u>	
EXPENDITURES					
Instruction					
Salaries	102,000	209,644	(107,644)	64,416	
Benefits	36,400	8,172	28,228	35,807	
PS - Professional	17,447	38,474	(21,027)	10,631	
PS - Other	334	84	250	220	
Supplies	3,000	2,744	256	2,203	
Total Instruction	<u>159,181</u>	<u>259,118</u>	<u>(99,937)</u>	<u>113,277</u>	
Supporting Services					
Pupil Support					
PS - Professional	10,000	5,569	4,431	11,230	
Supplies	2,000	357	1,643	360	
Total Pupil Support	<u>12,000</u>	<u>5,926</u>	<u>6,074</u>	<u>11,590</u>	
Staff Support					
Salaries	10,000	1,812	8,188	-	
Benefits	3,300	621	2,679	1,365	
PS - Professional	5,000	-	5,000	-	
PS - Other	50	5	45	27	
Supplies	5,000	-	5,000	-	
Total Staff Support	<u>23,350</u>	<u>2,438</u>	<u>20,912</u>	<u>1,392</u>	
General Administration					
Salaries	-	20,000	(20,000)	-	
School Administration					
PS - Other	3,550	-	3,550	-	
Contingency	<u>289,000</u>	<u>-</u>	<u>289,000</u>	<u>-</u>	
TOTAL EXPENDITURES	<u>487,081</u>	<u>287,482</u>	<u>199,599</u>	<u>126,259</u>	
CHANGE IN FUND BALANCE	(299,970)	-	299,970	-	
BEGINNING FUND BALANCE	<u>300,000</u>	<u>9,527</u>	<u>(290,473)</u>	<u>9,527</u>	
ENDING FUND BALANCE	<u>\$ 30</u>	<u>\$ 9,527</u>	<u>\$ 9,497</u>	<u>\$ 9,527</u>	

See accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

CENTENNIAL SCHOOL DISTRICT R-1
 Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2019
 (With Comparative Totals for June 30, 2018)

	<u>Special Revenue</u>		<u>Capital Projects</u>		<u>Totals</u>	
	<u>Athletic Activity</u>		<u>Capital Reserve</u>		<u>2019</u>	<u>2018</u>
	<u>Fund</u>	<u>Building Fund</u>	<u>Project Fund</u>			
ASSETS						
Cash and Investments	\$ 94,286	\$ 24,854	\$ 39,806	\$ 158,946	\$ 218,001	
Interfund Accounts Receivable	-	6,074	17,000	23,074	17,000	
TOTAL ASSETS	<u>\$ 94,286</u>	<u>\$ 30,928</u>	<u>\$ 56,806</u>	<u>\$ 182,020</u>	<u>\$ 235,001</u>	
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE						
Liabilities						
Interfund Accounts Payable	\$ 947	\$ 17,000	\$ -	\$ 17,947	\$ 17,948	
Accounts Payable	-	1,779	-	1,779	-	
Total Liabilities	<u>947</u>	<u>18,779</u>	<u>-</u>	<u>19,726</u>	<u>17,948</u>	
Fund Balance						
Committed Fund Balance						
Committed for Fund Purposes	93,339	-	-	93,339	82,169	
Assigned Fund Balance						
Other Assigned Fund Balance	-	12,149	56,806	68,955	134,884	
Total Fund Balance	<u>93,339</u>	<u>12,149</u>	<u>56,806</u>	<u>162,294</u>	<u>217,053</u>	
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 94,286</u>	<u>\$ 30,928</u>	<u>\$ 56,806</u>	<u>\$ 182,020</u>	<u>\$ 235,001</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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	Special Revenue			Capital Projects		Totals	
	Athletic Activity		Capital Reserve		2019	2018	
	Fund	Building Fund	Project Fund				
REVENUES							
Local Sources	\$ 76,692	\$ 6,081	\$ -	\$ 82,773	\$ 77,762		
State Sources	-	-	-	-	24,573		
TOTAL REVENUES	<u>76,692</u>	<u>6,081</u>	<u>-</u>	<u>82,773</u>	<u>102,335</u>		
EXPENDITURES							
Instruction	65,522	-	-	65,522	28,855		
Operations and Maintenance	-	-	63,189	63,189	-		
Facilities	-	8,821	-	8,821	108,744		
TOTAL EXPENDITURES	<u>65,522</u>	<u>8,821</u>	<u>63,189</u>	<u>137,532</u>	<u>137,599</u>		
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	11,170	(2,740)	(63,189)	(54,759)	(35,264)		
OTHER FINANCING SOURCES (USES)							
Transfer In (Out) - net	-	-	-	-	25,000		
CHANGE IN FUND BALANCE	11,170	(2,740)	(63,189)	(54,759)	(10,264)		
BEGINNING FUND BALANCE	82,169	14,889	119,995	217,053	227,317		
ENDING FUND BALANCE	<u>\$ 93,339</u>	<u>\$ 12,149</u>	<u>\$ 56,806</u>	<u>\$ 162,294</u>	<u>\$ 217,053</u>		

See accompanying Independent Auditors' Report.

INTENTIONALLY LEFT BLANK

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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019		Variance with Final Budget	2018 Actual
	Final Budget	Actual		
REVENUES				
Local Sources				
Pupil Activity Revenues	\$ 57,000	\$ 76,692	\$ 19,692	\$ 23,487
EXPENDITURES				
Instruction				
PS - Other	17,500	65,522	(48,022)	-
Supplies	49,500	-	49,500	28,855
TOTAL EXPENDITURES	<u>67,000</u>	<u>65,522</u>	<u>1,478</u>	<u>28,855</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(10,000)	11,170	21,170	(5,368)
OTHER FINANCING SOURCES (USES)				
Transfers	10,000	-	(10,000)	10,000
CHANGE IN FUND BALANCE	-	11,170	11,170	4,632
BEGINNING FUND BALANCE	-	82,169	82,169	77,537
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 93,339</u>	<u>\$ 93,339</u>	<u>\$ 82,169</u>

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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019			2018 Actual
	Final Budget	Actual	Variance with Final Budget	
REVENUES				
Local Sources				
Investment Earnings	\$ 1,000	\$ 7	\$ (993)	\$ 260
Insurance Proceeds	-	-	-	54,015
Other Local	1,000	6,074	5,074	-
Total Local Sources	2,000	6,081	4,081	54,275
State Sources				
State Grants from CDE				
Best Capital Construction Program	-	-	-	24,573
TOTAL REVENUES	<u>2,000</u>	<u>6,081</u>	<u>4,081</u>	<u>78,848</u>
EXPENDITURES				
Facilities/Capital Outlay				
PS - Professional	15,000	8,821	6,179	108,744
CHANGE IN FUND BALANCE	(13,000)	(2,740)	10,260	(29,896)
BEGINNING FUND BALANCE	13,000	14,889	1,889	44,785
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 12,149</u>	<u>\$ 12,149</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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance with Final Budget	Actual
EXPENDITURES				
Supporting Services				
Operations and Maintenance				
Property	\$ 135,000	\$ 63,189	\$ 71,811	\$ -
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(135,000)	(63,189)	71,811	-
OTHER FINANCING SOURCES (USES)				
Transfers	15,000	-	(15,000)	15,000
CHANGE IN FUND BALANCE	(120,000)	(63,189)	56,811	15,000
BEGINNING FUND BALANCE	120,000	119,995	(5)	104,995
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 56,806</u>	<u>\$ 56,806</u>	<u>\$ 119,995</u>

See accompanying Independent Auditors' Report.

INTENTIONALLY LEFT BLANK

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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019		Variance with Final Budget	2018 Actual
	Final Budget	Actual		
REVENUES				
Local Sources				
Property Taxes	\$ 400,000	\$ 461,980	\$ 61,980	\$ 474,551
Specific Ownership Taxes	35,000	38,693	3,693	38,280
Delinquent Taxes	33,000	31,777	(1,223)	20,674
Investment Earnings	7,000	19,075	12,075	9,803
TOTAL REVENUES	<u>475,000</u>	<u>551,525</u>	<u>76,525</u>	<u>543,308</u>
EXPENDITURES				
Supporting Services				
Pupil Support				
PS - Professional	1,000	-	1,000	-
General Administration				
PS - Other	-	2,421	(2,421)	2,096
Other Expenses	-	152	(152)	-
Total General Administration	-	2,573	(2,573)	2,096
Debt Service				
Principal	224,000	315,000	(91,000)	305,000
Interest	250,000	149,944	100,056	156,044
Total Debt Service	474,000	464,944	9,056	461,044
TOTAL EXPENDITURES	<u>475,000</u>	<u>467,517</u>	<u>7,483</u>	<u>463,140</u>
CHANGE IN FUND BALANCE	-	84,008	84,008	80,168
BEGINNING FUND BALANCE	-	929,295	929,295	849,127
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 1,013,303</u>	<u>\$ 1,013,303</u>	<u>\$ 929,295</u>

See accompanying Independent Auditors' Report.

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 2018-19
 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	1,095,619	3,016,553	2,686,408	1,425,764
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	432,790	253,919	337,512	349,198
Sub- Total	1,528,409	3,270,472	3,023,920	1,774,962
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	76,202	147,490	193,204	30,488
22 Govt Designated-Purpose Grants Fund	9,527	287,482	287,482	9,527
23 Pupil Activity Special Revenue Fund	82,169	82,272	71,102	93,339
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	929,295	551,525	467,518	1,013,303
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	14,889	6,081	8,821	12,148
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	119,995	0	63,189	56,806
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	2,760,485	4,345,322	4,115,235	2,990,572
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 2018-19

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)	970,837	0	349,198	823,622	0	342,604	939,555	64,660	0	0	0	0	0	0	3,490,476
Taxes Receivable (8121,8122)	247,708	0	0	0	0	0	125,495	0	0	0	0	0	0	0	373,203
Interfund Loans Receivable (8131,8132)	882,405	0	0	431,991	0	27,148	0	23,073	0	0	0	0	0	0	1,364,618
Intergovernmental Accounts Rec (8141)	211,500	0	0	0	0	0	36,653	0	0	0	0	0	0	0	248,152
Grants Accounts Receivable (8142)	8,327	0	0	0	0	505	0	0	0	0	0	0	0	0	8,832
Other Receivables (8151-8154,8161)	0	0	0	0	0	544	0	0	0	0	0	0	0	0	544
Inventories (8171,8172,8173)	0	0	0	0	0	2,144	0	0	0	0	0	0	0	0	2,144
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	2,320,778	0	349,198	1,255,613	0	372,944	1,101,702	87,733	0	0	0	0	0	0	5,487,969

See accompanying Independent Auditors' Report.

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)	459,139	0	0	560,682	0	327,797	0	17,000	0	0	0	0	0	0	1,364,618
Intergovernmental Payables (7411)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	7,814	0	0	6,691	0	20	0	1,779	0	0	0	0	0	0	16,304
Accrued Expenses (7461)	242,569	0	0	1,351	0	14,578	0	0	0	0	0	0	0	0	258,497
Payroll Ded. and Withholdings (7471-7473)	-1,208	0	0	-17	0	-68	0	0	0	0	0	0	0	0	-1,293
Unearned Revenue (7481)	0	0	0	0	0	130	0	0	0	0	0	0	0	0	130
Grants Deferred Revenue (7482)	11,805	0	0	584,041	0	0	0	0	0	0	0	0	0	0	595,846
Compensated Absences (7541)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	174,895	0	0	0	0	0	88,400	0	0	0	0	0	0	0	263,295
Deferred Inflow Grants (7801)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	895,014	0	0	1,152,748	0	342,456	88,400	18,779	0	0	0	0	0	0	2,497,397

See accompanying Independent Auditors' Report.

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	2,144	0	0	0	0	0	0	0	0	2,144
Restricted Fund Balance 6720	0	0	0	0	0	1,013,303	1,013,303	0	0	0	0	0	0	0	1,013,303
TABOR 3% Emergency Reserve 6721	117,000	0	0	0	0	0	0	0	0	0	0	0	0	0	117,000
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	349,198	0	0	0	0	0	0	0	0	0	0	0	349,198
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	173,800	0	0	0	0	0	0	0	0	0	0	0	0	0	173,800
Committed Fund Balance 6750	0	0	0	102,865	0	28,344	0	0	0	0	0	0	0	0	131,209
Assigned Fund Balance 6760	0	0	0	0	0	0	0	68,954	0	0	0	0	0	0	68,954
Unassigned Fund Balance 6770	1,134,964	0	0	0	0	0	0	0	0	0	0	0	0	0	1,134,964
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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	1,425,764	0	349,198	102,865	0	30,488	1,013,303	68,954	0	0	0	0	0	0	2,990,572

	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	2,320,778	0	349,198	1,255,613	0	372,944	1,101,702	87,733	0	0	0	0	0	0	5,487,969

	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