

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

FINANCIAL STATEMENTS

June 30, 2022



**Wall,
Smith,
Bateman** Inc.
Certified Public Accountants

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

FINANCIAL STATEMENTS

June 30, 2022

CENTENNIAL SCHOOL DISTRICT R-1

TABLE OF CONTENTS

June 30, 2022

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	i-viii
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	6
Governmental Funds Financial Statements:	
Balance Sheet	7
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	8
Statement of Revenues, Expenditures, and Changes in Fund Balances	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	10
Notes to the Basic Financial Statements	11
Required Supplementary Information	
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund	36
Governmental Designated Purpose Grants Fund	37
Schedule of the District's Proportionate Share of the Net Pension Liability - PERA SCHDTF Pension Plan	38
Schedule of the District's Contributions - PERA SCHDTF Pension Plan	39
Schedule of the District's Proportionate Share of the Net OPEB Liability - PERA Healthcare Trust Fund	40
Schedule of the District's Contributions - PERA Healthcare Trust Fund	41
Notes to the Required Supplementary Information	42
Supplementary Information	
Combining Schedules of Nonmajor Governmental Funds:	
Combining Balance Sheet	45
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	46
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Food Service Fund	47
Student Activity Fund	48
Building Fund	49
Capital Reserve Capital Projects Fund	50
Bond Redemption Fund	51
Single Audit Section:	
Schedule of Expenditures of Federal Awards	52
Notes to the Schedule of Expenditures of Federal Awards	53
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	54
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	56
Schedule of Findings and Questioned Costs	59
Summary Schedule of Prior Year Findings	61
Corrective Action Plan	62
CDE Compliance	
Colorado School Districts Auditor's Integrity Report	

INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

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

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Centennial School District RE-1 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Certified Public Accountants

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In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension, and other postemployment benefits information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial schedules, the Colorado School District's Auditor's Integrity Report, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including

prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial schedules, the Colorado School District's Auditor's Integrity Report, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

February 23, 2023

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

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, 2022. 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 2022

- Total net position as of June 30, 2021 was \$12,396,071. Total Net Position as of June 30, 2022 was \$14,775,791, an increase of \$2,379,720.
- General revenues, primarily property taxes and state equalization payments, account for approximately \$3,607,305 or 65% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,998,587 of total revenues.
- The District had \$3,226,172 in expenses related to governmental activities; \$1,998,587 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$3,607,305 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.

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

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

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) Building 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.

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.

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

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 2022. 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 2022. A comparative analysis is provided.

**Table 1 – Statement of Net Position
June 30, 2021 and 2022**

	Governmental Activities	
	2021	2022
Current & Other Assets	\$ 6,180,733	\$ 8,235,056
Capital Assets - Net	18,500,785	18,195,587
Total Assets	<u>24,681,518</u>	<u>26,430,643</u>
Deferred Outflows of Financial Resources	<u>1,589,119</u>	<u>1,142,516</u>
Current Liabilities	2,405,802	3,696,275
Non-Current Liabilities	9,142,372	7,345,772
Total Liabilities	<u>11,548,174</u>	<u>11,042,047</u>
Deferred Inflows of Resources	<u>2,326,392</u>	<u>1,755,321</u>
Net Investment in Capital Assets	13,608,161	14,077,555
Restricted Net Position	1,737,512	1,756,246
Unrestricted Net Position	(2,949,602)	(1,058,010)
Total Net Position	<u>\$ 12,396,071</u>	<u>\$ 14,775,791</u>

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

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	
	2021	2022
Programs Revenues		
Charges for Services	\$ 77,364	\$ 81,321
Operating Grants	1,134,397	1,917,266
Capital Grants	352,648	-
Total Program Revenues	1,564,409	1,998,587
General Revenues		
Taxes	1,705,296	1,602,103
State Equalization	1,753,500	2,002,728
Investment Income	1,415	2,474
Gain (Loss) on Capital Asset Disposals	-	-
Miscellaneous	-	-
Total General Revenues	3,460,211	3,607,305
Total Revenues	5,024,620	5,605,892
Expenses		
Instruction Program	1,491,290	1,798,651
Student Supporting Services	43,074	108,599
Instruction Staff Supporting Services	46,668	99,882
General Admin. Supporting Services	151,588	192,452
School Admin Supporting Services	47,963	131,961
Business Supporting Services	138,144	130,351
Operations and Maint. Of Plant Services	154,330	224,972
Student Transportation Services	103,271	110,031
Central Supporting Services	125,900	133,576
Food Services	64,321	104,597
Community Services	23,571	40,717
Facility Acquisition and Constr. Services	(8,100)	-
Interest on Long-term Debt	157,839	150,383
Total Expenses	2,539,859	3,226,172
Change in Net Position	2,484,761	2,379,720
Net Position - Beginning	9,911,310	12,396,071
Net Position - Ending	\$ 12,396,071	\$ 14,775,791

In the previous year, property taxes and per pupil state formula revenue (state equalization) accounted for most of the District's revenue, contributing about 69%. Normally State and Federal grants and private partnership grants contribute about 30% of revenue. Normally interest on investments, other sources and miscellaneous contribute the remaining 1%.

In fiscal year 2022, the revenue percentage of property taxes and state equalization is 65%, grants 34%, and all other 1%.

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

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.

The effect of the PERA pension and OPEB on the District's total net position for the Fiscal Year 2021 and 2022 is summarized below:

	Fiscal Year 2021	Fiscal Year 2022
Net Position (GAAP Basis)	\$ 12,396,071	\$ 14,775,791
GASB 68-Pension	5,554,174	3,990,091
GASB 75-OPEB	234,663	208,942
Net Position Excluding Pension and OPEB	<u>\$ 18,184,908</u>	<u>\$ 18,974,824</u>

The effect of the PERA pension and OPEB expense on the District's unrestricted net position is summarized below:

	Fiscal Year 2021	Fiscal Year 2022
Net Position (GAAP Basis)	\$ (2,949,602)	\$ (1,058,010)
GASB 68-Pension	5,554,174	3,990,091
GASB 75-OPEB	234,663	208,942
Net Position Excluding Pension and OPEB	<u>\$ 2,839,235</u>	<u>\$ 3,141,023</u>

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 \$14,563.14 per funded student. In fiscal year 2022, the funded pupil count was 218.7. Funding for the school finance act comes from property taxes, specific ownership taxes, and state equalization. The District received approximately 36% 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 15. These funds are accounted for using the modified accrual basis of accounting. The net change in fund balance for the year was most significant in the general fund, an increase of \$688,649 to a year-end balance of \$3,527,551.

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

Activity Fund:

Total expenditures from the Student Activity Fund for 2021-2022 were \$74,599 a decrease of \$2,504 from the fiscal year 2020-21.

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 2022, the District had invested \$18,195,587 in a broad range of capital assets, including land, buildings and improvements, machinery and equipment, and vehicles. (see Table 3)

Table 3 – Governmental Capital Assets

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
Governmental Activities:				
Capital Assets, not being depreciated:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Land	131,307	-	-	131,307
Total Assets, not being depreciated:	131,307	-	-	131,307
Capital Assets, being depreciated:				
Buildings and Improvements	21,880,167	-	-	21,880,167
Machinery and Equipment	939,240	151,471	(14,301)	1,076,410
Vehicles	432,464	99,989	(121,945)	410,508
Total Capital Assets being depreciated	23,251,871	251,460	(136,246)	23,367,085
Accumulated Depreciation:				
Buildings and Improvements	(4,034,010)	(443,391)	-	(4,477,401)
Transportation Equipment	(270,016)	(31,268)	121,945	(179,339)
Machinery and Equipment	(578,367)	(81,999)	14,301	(646,065)
Total Accum. Depreciation	(4,882,393)	(556,658)	136,246	(5,302,805)
Net Governmental Capital Assets	18,500,785	(305,198)	-	18,195,587

**Centennial School District RE-1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

At June 30, 2022, the District had \$4,537,332 in total long-term debt. Of this amount, \$369,492 is due within one year. Table V details the outstanding debt and the portion due within one year for the District.

Table 4 – Long-term Obligation

	Balance			Balance	Current
	6/30/2021	Advances	Payments	6/30/2022	Portion
Governmental Activities					
2012 GO Bonds	\$ 4,710,000	\$ -	\$ (340,000)	\$ 4,370,000	\$ 350,000
Bond Premiums	182,624	-	(19,492)	163,132	19,492
Accrued Compensated Absence	4,380	-	(180)	4,200	-
Total Long-Term Obligations	\$ 4,897,004	\$ -	\$ (359,672)	\$ 4,537,332	\$ 369,492

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. Colorado Department of Education reported enrollment at 177.5 students in 2021-2022. In 2020-2021 the Colorado Department of Education reported enrollment at 218.7 students.
6. Additional funding to the district came through the Coronavirus Aid, Relief, and Economic Security (CARES) Act which was enacted on March 27, 2020 – a \$2 trillion package of assistance measures that include direct payment to families, loans for small businesses, and support for businesses and funding for education. Four education funding streams from the CARES Act were the Coronavirus Relief Fund, the Elementary and Secondary School Emergency Relief (ESSER) Fund, Governor's Emergency Education Relief (GEER) Fund, and nutrition. No adjustments have been made to these financial statements as the potential impact is unknown at this time.

Contacting the District's Financial Management

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

CENTENNIAL SCHOOL DISTRICT R-1
BASIC FINANCIAL STATEMENTS

CENTENNIAL SCHOOL DISTRICT R-1
STATEMENT OF NET POSITION
June 30, 2022

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash and Investments	\$ 7,300,946
Accounts Receivable	-
Due from Other Governments	754,123
Property Tax Receivable	158,230
Inventory	21,757
Total Current Assets	8,235,056
Noncurrent Assets	
Capital Assets not being depreciated	131,307
Capital Assets net of depreciation	18,064,280
Total Noncurrent Assets	18,195,587
TOTAL ASSETS	26,430,643
DEFERRED OUTFLOWS OF RESOURCES	
Pension	714,503
OPEB	12,913
Deferred Charge on Bond Refunding	415,100
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,142,516
LIABILITIES	
Current Liabilities	
Accounts Payable	148,328
Accrued Salaries and Benefits	226,722
Due to Other Governments	79
Grant Unearned Revenue	2,895,328
Accrued Interest Payable	56,326
Premium on Issuance of Bonds	19,492
General Obligation Bonds Payable	350,000
Total Current Liabilities	3,696,275
Noncurrent Liabilities	
Compensated Absences	4,200
Premium on Issuance of Bonds	143,640
General Obligation Bonds Payable	4,020,000
Net Pension Liability	3,031,278
Net OPEB Liability	146,654
Total Noncurrent Liabilities	7,345,772
TOTAL LIABILITIES	11,042,047

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

CENTENNIAL SCHOOL DISTRICT R-1
STATEMENT OF NET POSITION
June 30, 2022

	Primary Government Governmental Activities
DEFERRED INFLOWS OF RESOURCES	
Pension	1,673,316
OPEB	75,201
Unavailable Revenue- Property Tax	6,804
TOTAL DEFERRED INFLOWS OF RESOURCES	1,755,321
NET POSITION	
Net Investment in Capital Assets	14,077,555
Restricted for:	
TABOR	114,000
BEST Renewal Reserve	234,100
Debt Service	1,108,468
Preschool	299,678
Unrestricted	(1,058,010)
TOTAL NET POSITION	\$ 14,775,791

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

CENTENNIAL SCHOOL DISTRICT R-1
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Revenue and Changes in Net Position
					Primary Government
Governmental Activities:					
Instructional Program	\$ 1,798,651	\$ -	\$ 1,401,976	\$ -	\$ (396,675)
Student Supporting Services	108,599	-	273,557	-	164,958
Instructional Staff Supporting Services	99,882	-	-	-	(99,882)
General Administration Supporting Services	192,452	-	-	-	(192,452)
School Administration Supporting Services	131,961	-	-	-	(131,961)
Business Supporting Services	130,351	-	-	-	(130,351)
Operations and Maintenance of Plant Services	224,972	-	-	-	(224,972)
Student Transportation Services	110,031	-	39,022	-	(71,009)
Central Supporting Services	133,576	-	-	-	(133,576)
Food Services	104,597	-	202,711	-	98,114
Community Services	40,717	81,321	-	-	40,604
Interest on Long-term Debt	150,383	-	-	-	(150,383)
Total Governmental Activities	3,226,172	81,321	1,917,266	-	(1,227,585)
Total Primary Government	\$ 3,226,172	\$ 81,321	\$ 1,917,266	\$ -	(1,227,585)
General Revenues and Transfers					
Taxes:					
General Property Taxes - Net					1,415,254
Other Taxes					186,849
State Equalization					2,002,728
Interest on Investments					2,474
Total General Revenues and Transfers					3,607,305
Change in Net Position					2,379,720
Net Position - Beginning of Year					12,396,071
Net Position - End of Year					\$ 14,775,791

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

CENTENNIAL SCHOOL DISTRICT R-1
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2022

	GENERAL FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	BOND REDEMPTION FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Investments	\$ 3,633,762	\$ 2,324,422	\$ 1,050,750	\$ 292,012	\$ 7,300,946
Property Tax Receivable	106,696	-	51,534	-	158,230
Due from Other Funds	3,899	8,804	8,313	-	21,016
Due from Other Governments	14,103	715,371	-	24,649	754,123
Inventory	-	-	-	21,757	21,757
TOTAL ASSETS	\$ 3,758,460	\$ 3,048,597	\$ 1,110,597	\$ 338,418	\$ 8,256,072
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 13,451	\$ 132,987	\$ -	\$ 1,890	\$ 148,328
Accrued Salaries and Benefits	190,337	30,282	-	6,103	226,722
Due to Other Governments	79	-	-	-	79
Due to Other Funds	17,117	-	-	3,899	21,016
Grant Unearned Revenue	5,250	2,881,936	-	8,142	2,895,328
TOTAL LIABILITIES	226,234	3,045,205	-	20,034	3,291,473
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Tax	4,675	-	2,129	-	6,804
FUND BALANCE					
Nonspendable	-	-	-	21,757	21,757
Restricted	647,778	-	1,108,468	-	1,756,246
Committed	935,000	3,392	-	296,627	1,235,019
Assigned	-	-	-	-	-
Unassigned	1,944,773	-	-	-	1,944,773
TOTAL FUND BALANCE	3,527,551	3,392	1,108,468	318,384	4,957,795
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,758,460	\$ 3,048,597	\$ 1,110,597	\$ 338,418	\$ 8,256,072

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

CENTENNIAL SCHOOL DISTRICT R-1
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total governmental fund balances		\$ 4,957,795
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		18,195,587
Deferred charges on bond refunding are not available to pay for current-period expenditures and, therefore, are not reported in the funds statements.		415,100
Deferred results and contributions to pension and OPEB plans made after the measurement date are not recorded as expenditures in the governmental funds but must be deferred in the statement of net position.		727,416
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
General Obligation Bonds Payable	\$ (4,370,000)	
Accrued Interest Payable	(56,326)	
Compensated Absences	<u>(4,200)</u>	
		(4,430,526)
Net pension liabilities and OPEB liabilities are not due and payable in the current period and are not reported in the funds.		(3,177,932)
Certain transactions relating to the activity of the bonds are expenditures in the governmental funds, but are required to be capitalized and amortized in the government-wide financial statements.		
Premium on Issuance of Bonds		(163,132)
Certain amounts related to the net pension and OPEB liability are deferred and amortized over time. These are not reported in the funds.		<u>(1,748,517)</u>
Net position of governmental activities		<u><u>\$ 14,775,791</u></u>

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

CENTENNIAL SCHOOL DISTRICT R-1
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
For the Year Ended June 30, 2022

	GENERAL FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	BOND REDEMPTION FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local Sources	\$ 1,390,668	\$ 43,295	\$ 489,332	\$ 80,402	\$ 2,003,697
State Sources	2,173,572	287,818	-	892	2,462,282
Federal Sources	620	940,019	-	199,274	1,139,913
TOTAL REVENUES	3,564,860	1,271,132	489,332	280,568	5,605,892
EXPENDITURES					
Instructional Program	1,302,221	861,127	-	74,599	2,237,947
Student Supporting Services	8,967	135,137	-	-	144,104
Instructional Staff Supporting Services	43,680	163,136	-	-	206,816
General Administration Supporting Services	291,632	11,743	-	-	303,375
School Administration Supporting Services	260,015	-	-	-	260,015
Business Supporting Services	130,351	-	-	-	130,351
Operations and Maintenance of Plant Services	321,156	-	-	-	321,156
Student Transportation Services	132,747	-	-	-	132,747
Central Supporting Services	133,576	-	-	-	133,576
Food Services	-	-	-	156,413	156,413
Community Services	93,679	-	-	-	93,679
Facilities Acq. And Const. Services	132,307	99,989	-	8,100	240,396
Debt Service	-	-	471,057	-	471,057
TOTAL EXPENDITURES	2,850,331	1,271,132	471,057	239,112	4,831,632
Excess (deficiency) of revenues over expenditures	714,529	-	18,275	41,456	774,260
OTHER FINANCING SOURCES (USES)					
Transfer In (Out) - net	(25,880)	-	-	25,880	-
TOTAL OTHER FINANCING SOURCES (USES)	(25,880)	-	-	25,880	-
NET CHANGE IN FUND BALANCES	688,649	-	18,275	67,336	774,260
FUND BALANCE at Beginning of Year	2,838,902	3,392	1,090,193	251,048	4,183,535
FUND BALANCE at End of Year	\$ 3,527,551	\$ 3,392	\$ 1,108,468	\$ 318,384	\$ 4,957,795

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

CENTENNIAL SCHOOL DISTRICT R-1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds \$ 774,260

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

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

Capital Asset Addition	\$ 251,460	
Depreciation expense	<u>(556,658)</u>	(305,198)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payment on general obligation bonds		340,000
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The premium associated with the issuance of the general obligation bonds provide a current financial resource to the debt service fund, but they must be capitalized and amortized over the life of the bonds in the government-wide financial statements.

Accrued Interest Payable	3,507	
Accretion of Bond Premium	<u>19,492</u>	22,999

The deferred charge on refunding associated with the refunding of debt provide a current financial resource to the debt service fund, but they must be capitalized and amortized over the life of the bonds in the government-wide financial statements.

Amortization of Deferred Charge on Refunding		(42,325)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated Absences		180
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Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the pension and OPEB expense.

		<u>1,589,804</u>
Change in net position of governmental activities		<u><u>\$ 2,379,720</u></u>

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Primary Government

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

Component Units

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

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

The District reports the following major governmental funds:

- The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Governmental Designated Purpose Grants Fund** is a special revenue fund used to record financial transactions for grants received for designated programs funded by federal, state, or local governments.
- The **Bond Redemption Fund** is used to account for the accumulation of resources for the payment of principal, interest, and related expenses on long-term general obligation debt or long-term voter approved lease-purchase debt.

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

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

Cash

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

Investments

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

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized when received by the County Treasurer. Uncollected property taxes that became an enforceable lien January 1, 2021, have been recorded in the financial statements as an asset and a corresponding deferred outflow of resources.

Receivables/Payables from Other District Funds

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

Inventories

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

USDA Commodities

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

Capital Assets

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

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

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

Long-Term Obligations

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

Bond Premium and Issuance Costs

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bond premiums net of amortization were \$163,132, at June 30, 2022. Debt issuance costs are reported as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Compensated Absences

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

Unearned Grant Revenue

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

Deferred Outflows/Inflows of Resources

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

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

Certain amounts related to pensions must be deferred.

Pensions

The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension 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 (FNP) and additions to/deductions from the FNP 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.

Other Postemployment Benefits (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 (FNP) 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.

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

Net Position

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

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

Fund Balance

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

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

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

As of June 30, 2022, fund balances are composed of the following:

	General Fund	Grants Fund	Bond Redemption Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable: Inventory	\$ -	\$ -	\$ -	\$ 21,757	\$ 21,757
Restricted					
TABOR	114,000	-	-	-	114,000
CO Preschool Program	299,678	-	-	-	299,678
BEST Capital Renewal	234,100	-	-	-	234,100
Debt Service	-	-	1,108,468	-	1,108,468
	<u>647,778</u>	<u>-</u>	<u>1,108,468</u>	<u>-</u>	<u>1,756,246</u>
Committed					
Grants	-	3,392	-	-	3,392
Food Service	-	-	-	92,675	92,675
Pupil Activities	-	-	-	133,153	133,153
Building Fund	-	-	-	3,989	3,989
Capital Reserve	-	-	-	66,810	66,810
Subsequent Years	635,000	-	-	-	635,000
Teacher Retention	300,000	-	-	-	300,000
	<u>935,000</u>	<u>3,392</u>	<u>-</u>	<u>296,627</u>	<u>1,235,019</u>
Unassigned	<u>1,944,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,944,773</u>
Total Fund Balance	<u>\$ 3,527,551</u>	<u>\$ 3,392</u>	<u>\$ 1,108,468</u>	<u>\$ 318,384</u>	<u>\$ 4,957,795</u>

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

Encumbrances

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

Use of Estimates

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

Reclassification

Certain amounts in fiscal year 2021 have been reclassified to conform to fiscal year 2022 financial statement presentation.

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

New Accounting Pronouncements

During fiscal year 2022, the District adopted the provisions of GASB Statement No. 87, *Leases*, that establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This standard does not have a material effect on the financial statements of the District.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

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

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Board of Education did not adopt supplemental appropriations during fiscal year 2022.

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

Stewardship

Expenditures exceeded appropriations in Food Service Fund and Bond Redemption Fund by \$5,518 and \$1,057, respectively during FY22. This may be a violation of Colorado Revised Statutes 22-44-115(1).

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

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

Cash in Banks	\$ 6,286,898
Investments	<u>1,014,048</u>
Total cash, deposits, and investments on the Statement of Net Position	<u><u>\$ 7,300,946</u></u>

Cash and Deposits

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

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, \$5,631,884 of the District’s bank balance of \$6,064,996 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Investments

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

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

Custodial Credit Risk – Investments

State law limits investments for school districts to U.S. treasury issues, other federally backed notes and credits, and other agency offerings. Other investment instruments, including bank obligations, general obligation bonds, and commercial paper, are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds to those institutions with over \$1 billion in assets or the highest credit rating from one or more of the nationally recognized rating agencies. COLOTRUST has over \$1 billion in assets, is rated AAAm by Standard and Poor's, and maintains a constant net asset value of \$1 per share. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. Financial statements for COLOTRUST are available at www.colotruster.com.

Investments	Maturity	Total	Rating
ColoTrust	Less than 1 year	\$ 1,014,048	AAAm

NOTE 4 PROPERTY TAXES RECEIVABLE

At June 30, 2022, the District had an estimated property tax receivable of approximately \$158,230.

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 5 DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred. As of June 30, 2022, the District had \$754,123 due from Federal, State, and Local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables/Payables

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

Interfund receivable and payable balances at June 30, 2022, were as follows:

Receivable Fund	Payable Fund	Amount
Governmental Designated Grants Fund	General Fund	\$ 8,804
General Fund	Student Activity Fund	3,899
Bond Redemption Fund	General Fund	8,313
Total		\$ 21,016

Interfund Transfers

Interfund transfers for the year ended June 30, 2022, were as follows:

Transfer In	Transfer Out	Amount
Food Service Fund	General Fund	\$ 15,880
Student Activity Fund	General Fund	10,000
Total		\$ 25,880

These transfers were made to subsidize the Food Service Fund and Student Activity Fund.

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance 06/30/2021	Additions	Deletions	Balance 06/30/2022
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 131,307	\$ -	\$ -	\$ 131,307
Total capital assets not being depreciated	131,307	-	-	131,307
Capital assets being depreciated				
Buildings and Improvements	21,880,167	-	-	21,880,167
Machinery and Equipment	939,240	151,471	(14,301)	1,076,410
Vehicles	432,464	99,989	(121,945)	410,508
Total capital assets being depreciated	23,251,871	251,460	(136,246)	23,367,085
Less: accumulated depreciation for				
Buildings and Improvements	(4,034,010)	(443,391)	-	(4,477,401)
Machinery and Equipment	(578,367)	(81,999)	14,301	(646,065)
Vehicles	(270,016)	(31,268)	121,945	(179,339)
Total accumulated depreciation	(4,882,393)	(556,658)	136,246	(5,302,805)
Net Capital Assets being depreciated	18,369,478	(305,198)	-	18,064,280
Total Capital Assets	\$ 18,500,785	\$ (305,198)	\$ -	\$ 18,195,587

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

<i>Governmental activities:</i>	
Instructional Program	\$ 525,390
Student Transportation Services	31,268
Total depreciation expense – governmental activities	<u>\$ 556,658</u>

NOTE 8 ACCRUED SALARIES AND BENEFITS

The teachers, administrators, and the administrative staff are employed under nine, ten, and twelve month contracts. All District employees are paid on a twelve-month basis; therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$226,722.

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Long-term liability balances for the year ended June 30, 2022, were as follows:

	Balance 06/30/2021	Additions	Deletions	Balance 06/30/2022	Due within One Year
<i>Governmental Activities</i>					
G.O. Bonds Payable - 2012	\$ 4,710,000	\$ -	\$ (340,000)	\$ 4,370,000	\$ 350,000
Bond Premiums	182,624	-	(19,492)	163,132	19,492
Compensated Absences	4,380	-	(180)	4,200	-
Total Governmental Activities	<u>\$ 4,897,004</u>	<u>\$ -</u>	<u>\$ (359,672)</u>	<u>\$ 4,537,332</u>	<u>\$ 369,492</u>

General Obligation Refunding Bonds, Series 2012

The District issued General Obligation Refunding Bonds, Series 2012 denominations of \$5,000, dated October 30, 2012, total issue \$6,010,000. The bonds were issued to refund a portion of the District's outstanding General Obligation Bonds, Series 2008. The Series 2008 Bonds matured on January 15, 2017. Interest, at a rate between 1.00% and 3.25%, is payable each January 15th and July 15th. Principal is due January 15, 2017, through maturity on January 15, 2033.

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

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

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 350,000	\$ 122,894	\$ 472,894
2024	355,000	115,019	470,019
2025	370,000	106,588	476,588
2026	375,000	97,800	472,800
2027	380,000	88,425	468,425
2028-2032	2,085,000	270,750	2,355,750
2033	455,000	14,988	469,988
Total	<u>\$ 4,370,000</u>	<u>\$ 816,464</u>	<u>\$ 5,186,464</u>

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

In all cases the service retirement benefit is limited to 100% 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% or 100% 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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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.

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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, 2021. Eligible employees of the District 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 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
Employer Contribution Rate	10.90%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%
Amount Apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.88%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$353,921, for the year ended June 30, 2022.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. §24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution 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 School Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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

The net pension liability for the SCHDTF was measured as of December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the TPL to December 31, 2021. The District’s proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the District reported a liability of \$3,031,278 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

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

Centennial School District's proportionate share of the net position liability	\$	3,031,278
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Centennial School District		347,497
Total	<u>\$</u>	<u>3,378,775</u>

At December 31, 2021, the District's proportion was 0.026%, which was a decrease of 0.003% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of (\$1,564,083) and revenue of \$37,100 for support from the State as a nonemployer contributing entity. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 116,049	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,139,670
Changes of assumptions or other inputs	231,415	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	178,890	533,646
Contributions subsequent to the measurement date	188,149	-
Total	<u>\$ 714,503</u>	<u>\$ 1,673,316</u>

\$188,149 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, 2023. 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,	
2023	\$ (238,415)
2024	(437,685)
2025	(332,530)
2026	(138,332)
2027	-
Thereafter	-

Actuarial assumptions. The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

Wage inflation	3.00%
Salary increases, including wage inflation	3.40 – 11.00%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA Benefit Structure hired after 12/31/06 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

The pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, 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 the Experience Study report dated October 28, 2020

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

Note: 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 TPL was 7.25%. 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 3.00%.
- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021 and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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 reflect 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.

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), which commenced 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.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- 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 FNP 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% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 4,461,794	\$ 3,031,278	\$ 1,837,566

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

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

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, 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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.

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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

Enrollment in the PERACare health benefits program 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 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% 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 on behalf of benefit recipients not covered by Medicare Part A.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$18,159 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$146,654 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

At December 31, 2021, the District proportion was 0.017%, which was an increase of 0.000004% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022 the District recognized OPEB expense of (\$25,721). At June 30, 2022, District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 223	\$ 34,774
Changes of assumptions or other inputs	3,036	7,955
Net difference between projected and actual earnings on OPEB plan investments	-	9,078
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	23,394
Contributions subsequent to the measurement date	9,654	-
Total	\$ 12,913	\$ 75,201

\$9,654 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, 2023. 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,			
2023	\$	(20,416)	
2024		(21,325)	
2025		(19,657)	
2026		(8,883)	
2027		(1,472)	
Thereafter		(188)	

Actuarial assumptions. The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method		Entry age
Price inflation		2.30%
Real wage growth		0.70%
Wage inflation		3.00%
Salary increases, including wage inflation		3.40%-11.00%
Long-term investment rate of return, net of OPEB 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		4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029
Medicare Part A premiums		3.75% in 2021, gradually increasing to

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

4.50% in 2029

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.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/ premiums (actual dollars) are assumed for 2021, for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

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.

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 industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, 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 TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

Mortality assumptions used in the December 31, 2020 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll forward calculation for the Trust Fund.

- 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 2021 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.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020 meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, 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

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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 percentages and then adding expected inflation.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	<u>100.00%</u>	

Note: 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:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare Part A trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 142,443	\$ 146,654	\$ 151,533

Discount rate. The discount rate used to measure the TOL was 7.25%. 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, 2021, 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 year, total covered payroll was assumed to increase annually at a rate of 3.00%.
- 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.

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

- 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.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- 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 FNP 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% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 170,324	\$ 146,654	\$ 126,437

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

NOTE 12 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. Employees are immediately vested in their own contributions and investment earnings. For the years ended June 30, 2022, program members did not contribute to the Voluntary Investment Program.

NOTE 13 JOINT VENTURES AND RELATED PARTIES

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

- are financially independent and responsible for its own financing deficits and entitled to its own surpluses,

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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

San Luis Valley Board of Cooperative Educational Services (BOCES)

The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The Board of the BOCES is selected from the elected members of the District Boards. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 7% at June 30, 2022. Complete separate financial statements may be obtained from BOCES.

Colorado School Districts' Self-Insurance Pool

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

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as expenditures in the General Fund. The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2022. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

NOTE 14 COMMITMENTS AND CONTINGENCIES

Grants

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

BEST

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, 2022 is \$234,100.

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 15 TABOR EMERGENCY RESERVE

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

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. On November 6, 1996, voters approved a ballot which stated that the District is authorized to collect, retain, and expend all revenues including grants and other funds collected during 1996 and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, provided, however, that no property tax mill levy be increased at any time nor shall any new tax be imposed without the prior approval of the voters.

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. This Emergency Reserve is presented as a restricted fund balance in the General Fund balance sheet and a restricted net position in the government-wide statement of net position. The entity is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 16 RISK MANAGEMENT

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

NOTE 17 DEFICIT NET POSITION

The Governmental Activities has an unrestricted net position deficit of \$(1,058,010) primarily due to the PERA net pension liability of \$3,031,278 and OPEB net liability of \$146,654 and related deferrals as further described in Notes 10 and 11. As the District has no control over pension benefits or contribution rates, the District expects this deficit net position to continue for the foreseeable future.

NOTE 18 SUBSEQUENT EVENT

The District entered into an agreement with Honeywell International for energy improvement measures for \$1.75 million. The improvements will be funded by \$483,000 of Federal grant money and a \$1.27 million financed purchase agreement with Huntington Public Capital Corporation. The project began in September 2022 and is expected to be completed and operational by September 2023.

CENTENNIAL SCHOOL DISTRICT R-1

REQUIRED SUPPLEMENTARY INFORMATION

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

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, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 1,030,780	\$ 1,121,007	\$ 1,390,668	\$ 269,661
State Sources	2,122,233	2,122,097	2,173,572	51,475
Federal Sources	62,800	62,800	620	(62,180)
TOTAL REVENUES	3,215,813	3,305,904	3,564,860	258,956
EXPENDITURES				
Instructional Program	1,406,992	1,497,083	1,302,221	194,862
Student Supporting Services	83,075	83,075	8,967	74,108
Instructional Staff Supporting Services	44,850	44,850	43,680	1,170
General Administration Supporting Services	336,008	336,008	291,632	44,376
School Administration Supporting Services	356,357	356,357	260,015	96,342
Business Supporting Services	132,910	132,910	130,351	2,559
Operations and Maintenance of Plant Services	339,564	339,564	321,156	18,408
Student Transportation Services	193,903	193,903	132,747	61,156
Central Supporting Services	132,324	132,324	133,576	(1,252)
Community Services	84,830	84,830	93,679	(8,849)
Facilities Acquisition and Construction Services	70,000	70,000	132,307	(62,307)
TOTAL EXPENDITURES	3,180,813	3,270,904	2,850,331	420,573
Excess (deficiency) of revenues over expenditures	35,000	35,000	714,529	679,529
OTHER FINANCING SOURCES (USES)				
Transfers To Other Funds	(35,000)	(35,000)	(25,880)	9,120
TOTAL OTHER FINANCING SOURCES (USES)	(35,000)	(35,000)	(25,880)	9,120
Net Change in Fund Balance	-	-	688,649	688,649
Fund Balance at Beginning of year	-	-	2,838,902	2,838,902
Fund Balance at End of year	\$ -	\$ -	\$ 3,527,551	\$ 3,527,551

Notes to Required Supplementary Information

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

CENTENNIAL SCHOOL DISTRICT R-1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND
For the Year Ended June 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 68,444	\$ 68,444	\$ 43,295	\$ (25,149)
State Sources	1,714,885	1,707,897	287,818	(1,420,079)
Federal Sources	2,407,318	2,732,653	940,019	(1,792,634)
TOTAL REVENUES	4,190,647	4,508,994	1,271,132	(3,237,862)
EXPENDITURES				
Instructional Program	2,190,972	2,509,319	861,127	1,648,192
Student Supporting Services	1,665,068	1,665,068	135,137	1,529,931
Instructional Staff Supporting Services	222,702	222,702	163,136	59,566
General Administration Supporting Services	11,743	11,743	11,743	-
School Administration Supporting Services	162	162	-	162
Operations and Maintenance Services	-	-	-	-
Facilities Acq. And Const. Services	100,000	100,000	99,989	11
TOTAL EXPENDITURES	4,190,647	4,508,994	1,271,132	3,237,862
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of year	-	-	3,392	3,392
Fund Balance at End of year	\$ -	\$ -	\$ 3,392	\$ 3,392

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

CENTENNIAL SCHOOL DISTRICT R-1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0260478%	0.0293903%	0.0275628%	0.0305136%	0.0355676%	0.0358302%	0.0349579%	0.0349027%	0.0328311%
District's proportionate share of the net pension liability (asset)	\$ 3,031,278	\$ 4,443,213	\$ 4,117,822	\$ 5,403,067	\$ 11,501,312	\$ 10,668,029	\$ 5,346,556	\$ 4,730,490	\$ 4,187,593
State's proportionate share of the net pension liability (asset) associated with the District	347,497	-	522,293	649,926	-	-	-	-	-
Total	\$ 3,378,775	\$ 4,443,213	\$ 4,640,115	\$ 6,052,993	\$ 11,501,312	\$ 10,668,029	\$ 5,346,556	\$ 4,730,490	\$ 4,187,593
District's covered payroll	\$ 1,626,543	\$ 1,573,061	\$ 1,622,830	\$ 1,677,497	\$ 1,640,693	\$ 1,608,123	\$ 1,523,455	\$ 1,462,096	\$ 1,323,522
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	186%	282%	254%	322%	701%	663%	351%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

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

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

See Notes to the Required Supplementary Information.

CENTENNIAL SCHOOL DISTRICT R-1
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 353,921	\$ 305,073	\$ 313,852	\$ 316,430	\$ 315,056	\$ 300,188	\$ 278,517	\$ 250,068	\$ 225,015	\$ 190,836
Contributions in relation to the contractually required contribution	<u>(353,921)</u>	<u>(305,073)</u>	<u>(313,852)</u>	<u>(316,430)</u>	<u>(315,056)</u>	<u>(300,188)</u>	<u>(278,517)</u>	<u>(250,068)</u>	<u>(225,015)</u>	<u>(190,836)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,780,285	\$ 1,534,668	\$ 1,619,495	\$ 1,654,103	\$ 1,668,099	\$ 1,632,853	\$ 1,569,945	\$ 1,480,434	\$ 1,405,967	\$ 1,263,906
Contributions as a percentage of covered payroll	19.88%	19.88%	19.38%	19.13%	18.89%	18.38%	17.74%	16.89%	16.00%	15.10%

See Notes to the Required Supplementary Information.

CENTENNIAL SCHOOL DISTRICT R-1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
PERA HEALTH CARE TRUST FUND
For the Years Ended June 30,

	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.0170072461%	0.0170114746%	0.0180177448%	0.0198340136%	0.0202093967%	0.0203663020%
District's proportionate share of the net OPEB liability (asset)	\$ 146,654	\$ 161,647	\$ 202,519	\$ 269,850	\$ 262,641	\$ 264,056
District's covered payroll	\$ 1,626,543	\$ 1,573,061	\$ 1,622,830	\$ 1,677,497	\$ 1,640,693	\$ 1,608,123
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	9.02%	10.28%	12.48%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	39.4%	32.8%	24.5%	17.0%	17.5%	16.7%

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

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

CENTENNIAL SCHOOL DISTRICT R-1
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PERA HEALTH CARE TRUST FUND
For the Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 18,159	\$ 15,654	\$ 16,519	\$ 16,872	\$ 17,015	\$ 16,655	\$ 16,013	\$ 15,100	\$ 14,341
Contributions in relation to the contractually required contribution	<u>(18,159)</u>	<u>(15,654)</u>	<u>(16,519)</u>	<u>(16,872)</u>	<u>(17,015)</u>	<u>(16,655)</u>	<u>(16,013)</u>	<u>(15,100)</u>	<u>(14,341)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,780,285	\$ 1,534,668	\$ 1,619,495	\$ 1,654,103	\$ 1,668,099	\$ 1,632,853	\$ 1,569,945	\$ 1,480,434	\$ 1,405,967
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2022

NOTE 1 NET PENSION LIABILITY

Changes in assumptions or other inputs effective for the December 31st measurement period for the following years ended:

2021

- Required contribution increased from 10.00% to 10.50% for eligible employees.
- AI cap decreased from 1.25% to 1.00%

2020

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019 The post-retirement benefit increases to the PERA benefit structure for those hired prior to 1/1/07 was changed from 0% through 2019 and 1.5% compounded annually thereafter, to 1.25%.

2018 The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.78%

2017 The discount rate was lowered from 5.26% to 4.78%.

2016

- The price inflation assumption was lowered from 2.80% to 2.40%.
- The long-term expected rate of return assumption was lowered from 7.50% to 7.25% per year.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for actively working people, RP-2014 Healthy Annuitant Mortality Table projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2022

- The discount rate was lowered from 7.50% to 5.26%.

2015 There were no changes in assumptions or other inputs this measurement period compared to the prior year.

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Changes in assumptions or other inputs effective for the December 31st measurement period for the following years ended:

2021

- The Medicare Part A premium increased from \$458 to \$471 per month.
- The health care cost trend rates from 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.

2020

- 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 2020 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.
- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real wage growth assumption decreased from 1.10 percent per year to 0.70 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions for the School Division were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions for the School Division were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019

- 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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2022

- 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.

2018 There were no changes in assumptions or other inputs effective this measurement period compared to the prior year.

2017 The Medicare Part A premiums were raised from 3.00% to 3.25%, as well as the gradual percentage rose from 4.25% in 2023 to 5.00% in 2025.

CENTENNIAL SCHOOL DISTRICT R-1

SUPPLEMENTARY INFORMATION

These financial schedules present more detailed information for the individual funds in a format that segregates information by fund type.

CENTENNIAL SCHOOL DISTRICT R-1

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Food Service Fund- This fund is used to account for the operations of the school breakfast and lunch programs.

Student Activity Fund- This fund is used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenue from pupils, gate receipts, and other fundraising activities.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for and report financial resources that are restricted or committed to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets.

Building Fund- Used to account for all resources available for acquiring capital sites, buildings and equipment. Specifically, bond and grant proceeds for construction projects.

Capital Reserve Fund- This fund is funded through elective transfers from the General Fund and is used to account for the acquisition of sites, buildings, equipment, and vehicles.

CENTENNIAL SCHOOL DISTRICT R-1
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL PROJECTS FUNDS</u>		<u>TOTAL NONMAJOR FUNDS</u>
	<u>FOOD SERVICE FUND</u>	<u>STUDENT ACTIVITY FUND</u>	<u>BUILDING FUND</u>	<u>CAPITAL RESERVE FUND</u>	
ASSETS					
Cash and Investments	\$ 84,161	\$ 137,052	\$ 3,989	\$ 66,810	\$ 292,012
Accounts Receivable	-	-	-	-	-
Due from Other Governments	24,649	-	-	-	24,649
Inventory	21,757	-	-	-	21,757
TOTAL ASSETS	<u>\$ 130,567</u>	<u>\$ 137,052</u>	<u>\$ 3,989</u>	<u>\$ 66,810</u>	<u>\$ 338,418</u>
LIABILITIES					
Accounts Payable	\$ 1,890	\$ -	\$ -	\$ -	\$ 1,890
Due to Other Funds	-	3,899	-	-	3,899
Accrued Salaries & Benefits	6,103	-	-	-	6,103
Unearned Grant Revenue	8,142	-	-	-	8,142
TOTAL LIABILITIES	<u>16,135</u>	<u>3,899</u>	<u>-</u>	<u>-</u>	<u>20,034</u>
FUND BALANCE					
Nonspendable	21,757	-	-	-	21,757
Committed	92,675	133,153	3,989	66,810	296,627
TOTAL FUND BALANCE	<u>114,432</u>	<u>133,153</u>	<u>3,989</u>	<u>66,810</u>	<u>318,384</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 130,567</u>	<u>\$ 137,052</u>	<u>\$ 3,989</u>	<u>\$ 66,810</u>	<u>\$ 338,418</u>

CENTENNIAL SCHOOL DISTRICT R-1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL PROJECTS FUNDS</u>		<u>TOTAL NONMAJOR FUNDS</u>
	<u>FOOD SERVICE FUND</u>	<u>STUDENT ACTIVITY FUND</u>	<u>BUILDING FUND</u>	<u>CAPITAL RESERVE FUND</u>	
REVENUES					
Local Sources	\$ 2,545	\$ 77,857	\$ -	\$ -	\$ 80,402
State Sources	892	-	-	-	892
Federal Sources	199,274	-	-	-	199,274
TOTAL REVENUES	<u>202,711</u>	<u>77,857</u>	<u>-</u>	<u>-</u>	<u>280,568</u>
EXPENDITURES					
Instructional Program	-	74,599	-	-	74,599
Food Services	156,413	-	-	-	156,413
Operations and Maintenance	-	-	-	-	-
Facilities Acq. and Const.	-	-	8,100	-	8,100
TOTAL EXPENDITURES	<u>156,413</u>	<u>74,599</u>	<u>8,100</u>	<u>-</u>	<u>239,112</u>
Excess (deficiency) of revenues over expenditures	<u>46,298</u>	<u>3,258</u>	<u>(8,100)</u>	<u>-</u>	<u>41,456</u>
OTHER FINANCING SOURCES (USES)					
Transfer From Other Funds	<u>15,880</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>25,880</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>15,880</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>25,880</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>62,178</u>	<u>13,258</u>	<u>(8,100)</u>	<u>-</u>	<u>67,336</u>
Fund Balance at beginning of year	<u>52,254</u>	<u>119,895</u>	<u>12,089</u>	<u>66,810</u>	<u>251,048</u>
Fund Balance at end of year	<u>\$ 114,432</u>	<u>\$ 133,153</u>	<u>\$ 3,989</u>	<u>\$ 66,810</u>	<u>\$ 318,384</u>

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, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 13,000	\$ 13,000	\$ 2,545	\$ (10,455)
State Sources	1,000	1,000	892	(108)
Federal Sources	129,404	129,404	199,274	69,870
TOTAL REVENUES	<u>143,404</u>	<u>143,404</u>	<u>202,711</u>	<u>59,307</u>
EXPENDITURES				
Food Services				
Salaries	52,044	52,044	58,781	(6,737)
Fringe Benefits	17,255	17,255	22,427	(5,172)
Purchased Services	605	605	1,024	(419)
Food	79,991	79,991	69,629	10,362
Equipment	1,000	1,000	4,552	(3,552)
TOTAL EXPENDITURES	<u>150,895</u>	<u>150,895</u>	<u>156,413</u>	<u>(5,518)</u>
Excess (deficiency) of revenues over expenditures	<u>(7,491)</u>	<u>(7,491)</u>	<u>46,298</u>	<u>53,789</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	<u>7,491</u>	<u>7,491</u>	<u>15,880</u>	<u>8,389</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>7,491</u>	<u>7,491</u>	<u>15,880</u>	<u>8,389</u>
Net Change in Fund Balance	-	-	62,178	62,178
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>52,254</u>	<u>52,254</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,432</u>	<u>\$ 114,432</u>

CENTENNIAL SCHOOL DISTRICT R-1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
STUDENT ACTIVITY FUND
For the Year Ended June 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 57,000	\$ 75,000	\$ 77,857	\$ 2,857
TOTAL REVENUES	<u>57,000</u>	<u>75,000</u>	<u>77,857</u>	<u>2,857</u>
EXPENDITURES				
Instructional Program Services	67,000	85,000	74,599	10,401
TOTAL EXPENDITURES	<u>67,000</u>	<u>85,000</u>	<u>74,599</u>	<u>10,401</u>
Excess (deficiency) of revenues over expenditures	<u>(10,000)</u>	<u>(10,000)</u>	<u>3,258</u>	<u>13,258</u>
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds	10,000	10,000	10,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	13,258	13,258
Fund Balance at Beginning of year	<u>-</u>	<u>-</u>	<u>119,895</u>	<u>119,895</u>
Fund Balance at End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,153</u>	<u>\$ 133,153</u>

CENTENNIAL SCHOOL DISTRICT R-1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BUILDING FUND
For the Year Ended June 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Facilities Acquisition and Construction Services	-	12,000	8,100	3,900
TOTAL EXPENDITURES	<u>-</u>	<u>12,000</u>	<u>8,100</u>	<u>3,900</u>
Net Change in Fund Balance	-	(12,000)	(8,100)	3,900
Fund Balance at Beginning of year	<u>-</u>	<u>12,000</u>	<u>12,089</u>	<u>89</u>
Fund Balance at End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,989</u></u>	<u><u>\$ 3,989</u></u>

CENTENNIAL SCHOOL DISTRICT R-1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL RESERVE CAPITAL PROJECTS FUND
For the Year Ended June 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
Local Sources	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Facilities Acq. and Const.	-	-	-	-
Reserves	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of year	<u>-</u>	<u>-</u>	<u>66,810</u>	<u>66,810</u>
Fund Balance at End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,810</u>	<u>\$ 66,810</u>

CENTENNIAL SCHOOL DISTRICT R-1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BOND REDEMPTION FUND
For the Year Ended June 30, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 470,000	\$ 470,000	\$ 489,332	\$ 19,332
TOTAL REVENUES	<u>470,000</u>	<u>470,000</u>	<u>489,332</u>	<u>19,332</u>
EXPENDITURES				
Debt Service				
Principal	224,000	224,000	340,000	(116,000)
Interest	245,000	245,000	130,544	114,456
Other	1,000	1,000	513	487
TOTAL EXPENDITURES	<u>470,000</u>	<u>470,000</u>	<u>471,057</u>	<u>(1,057)</u>
Net Change in Fund Balance	-	-	18,275	18,275
Fund Balance at Beginning of year	<u>-</u>	<u>-</u>	<u>1,090,193</u>	<u>1,090,193</u>
Fund Balance at End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,108,468</u>	<u>\$ 1,108,468</u>

CENTENNIAL SCHOOL DISTRICT R-1

SINGLE AUDIT SECTION

CENTENNIAL SCHOOL DISTRICT R-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<i>Child Nutrition Cluster</i>			
United States Department of Agriculture			
School Breakfast Program	10.553	Colorado Department of Education, 4553/5553	\$ 54,934
National School Lunch Program	10.555	Colorado Department of Human Services, 4555	7,663
National School Lunch Program	10.555	Colorado Department of Education, 4555/5555	121,358
Summer Food Service Program for Children	10.559	Colorado Department of Education, 4559	2,737
Fresh Fruit and Vegetable Program	10.582	Colorado Department of Education, 4582	7,027
<i>Total Child Nutrition Cluster</i>			193,719
<i>Total All Clusters</i>			193,719
<i>Other Programs</i>			
United States Department of Agriculture			
Child And Adult Care Food Program	10.558	Colorado Department of Public Health and Environment and Costilla County, 4558	4,941
Pandemic EBT Administrative Costs	10.649	Colorado Department of Education, 4649	614
United States Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education, 4010	206,105
Rural Education	84.358	Colorado Department of Education, 6358	4,624
Supporting Effective Instruction State Grants	84.367	Colorado Department of Education, 4367	25,014
Student Support and Academic Enrichment Program	84.424	Colorado Department of Education, 4424	11,743
COVID-19 Education Stabilization Fund	84.425D	Colorado Department of Education, 4425/4420/5525	405,868
COVID-19 Education Stabilization Fund	84.425C	Colorado Department of Education, 6425	286,665
United States Department of Health and Human Services			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Colorado Department of Education, 7323	620
<i>Total Other Programs</i>			946,194
<i>Total Expenditures of Federal Awards</i>			\$ 1,139,913

CENTENNIAL SCHOOL DISTRICT R-1
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The District did not elect to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance for the year ended June 30, 2022. In addition, the District did not pass-through federal funds to subrecipients.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 3 FOOD SERVICE INVENTORY VALUATION

Food Service inventory 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.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**



Wall,
Smith,
Bateman Inc.

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Centennial School District R-1 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 23, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as Finding 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

Certified Public Accountants

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determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Finding 2022-001.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

February 23, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**



**Wall,
Smith,
Bateman Inc.**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Centennial School District R-1's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material

weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

February 23, 2023

**CENTENNIAL SCHOOL DISTRICT R-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____X_____yes _____no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? _____yes _____X_____none reported
- Noncompliance material to financial statements noted? _____X_____yes _____no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes _____X_____no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? _____yes _____X_____none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____yes _____X_____no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425C	COVID-19 Education Stabilization Fund
84.425D	COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? _____yes _____X_____no

Section II – Financial Statement Findings

**Finding 2022-001: Internal Control Over Financial Reporting
(Repeat of Finding 2021-001, 2021-002, and 2021-003)**

Type of Finding: Internal Control (material weakness) and noncompliance (material noncompliance)

Criteria: A system of internal control includes the design, documentation, and monitoring of control activities over the application of accounting principles, anti-fraud programs, non-routine transactions, financial statement preparation, safeguarding of assets, and compliance with laws and regulations.

Condition: The District has not implemented a complete system of internal control to prevent or detect and correct financial misstatements and ensure compliance with Colorado budget law.

CENTENNIAL SCHOOL DISTRICT R-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2022

Cause: Monthly and year-end reconciliations are not being completed accurately or timely.

Effect: As a result of this condition the following areas were affected:

1. Audit adjustments were proposed to properly state the District's financial statements as of June 30, 2022, in accordance with generally accepted accounting principles.
2. Bank reconciliations provided for the audit did not agree to the District's general ledger accounting records. During the audit, differences of \$21,352 of improperly recorded items were identified. In addition, the reconciliation included outstanding checks of \$32,885 from fiscal year 2020 or earlier.
3. Grant expenditures were not requested for reimbursement from the grantor throughout the year as expenditures occurred. Education Stabilization Fund (ESSER II) grant expenditures of \$336,000 incurred during July 1, 2021 – June 30, 2022 were not requested for reimbursement until October 2022. Response, Innovation, and Student Equity (RISE) grant expenditures of \$55,897 incurred during May and June 2022 were not requested for reimbursement until November 2022.
4. The District's expenditures in the Food Service Fund exceed budgeted appropriations by \$5,518. This may be a violation of Colorado Revised Statutes 22-44-115(1). (material noncompliance)
5. Property taxes of \$197,086 in the General Fund and \$95,129 in the Debt Service Fund, collected by the County Treasurer in April 2022 and distributed to the District in May 2022 were not deposited until July 2022 and were not recorded as a receivable at June 30, 2022.

Recommendation: The District should improve policies and procedures over monthly and year end reconciliations to ensure complete and accurate financial information is available throughout the year. Specifically, bank reconciliations should be completed accurately and reviewed timely for the identification and correction of reconciling items along with the evaluation of the appropriateness of long outstanding checks. Reimbursement requests should be completed monthly or quarterly to ensure grant funding is appropriately utilized. In addition, management should monitor budget to actual reports and adopt supplemental budgets for expenditures that exceed appropriations, as necessary.

Management's Response: See corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None

**CENTENNIAL SCHOOL DISTRICT R-1
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2022**



Section II – Financial Statement Findings

Finding 2021-001: Bank Reconciliation

Type of finding: Internal Control (material weakness)

Condition/Cause: The District has not implemented a complete system of internal control to ensure bank reconciliations are completed accurately.

Status: Not implemented. See Finding 2022-001

Finding 2021-002: Grant Management

Type of finding: Internal Control (material weakness)

Condition/Cause: The District has not implemented a complete system of internal control to incorporate a reconciliation and review process over the grant activity.

Status: Partially implemented. See Finding 2022-001

Finding 2021-003: Internal Control Over Financial Reporting

Type of finding: Internal Control (material weakness) and noncompliance (material noncompliance)

Condition/Cause: The District has not implemented a complete system of internal control to prevent, or detect and correct financial misstatements and ensure compliance with Colorado budget law.

Status: Not implemented. See Finding 2022-001

Centennial School District R-1

14644 Highway 159, PO Box 350, San Luis, CO 81152
(719) 672-3322



Superintendent:
Mr. Toby Melster

Prek-12 Principal:
Mrs. Kimba Rael
Asst. Principal:
Ms. Lacey Byron

Board of Education:

Mr. Chris Rodriguez: President; Mr. Dwight Mondragon: Vice President; Mr. Lucas Casias: Secretary;
Mr. Gilbert Apodaca: Treasurer; Ms. Rebecca Romero: Member

CORRECTIVE ACTION PLAN

Oversight Agency: U.S. Department of Education

Centennial School District R-1 respectfully submits the following corrective action plan for the year ended June 30, 2022.

Independent Accountants: Wall, Smith, Bateman Inc.
Certified Public Accountants
3001 Adcock Circle, P.O. Box 809
Alamosa, CO 81101

Audit period: Year ended June 30, 2022

The findings from the June 30, 2022 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

Section II – Financial Statement Findings

Finding 2022-001: Internal Control Over Financing Reporting
(Repeat of Finding 2021-001, 2021-002, 2021-003)

Type of finding: Internal Control (material weakness) and noncompliance (material noncompliance)

Recommendation: The District should improve policies and procedures over monthly and year end reconciliations to ensure complete and accurate financial information is available throughout the year. Specifically, bank reconciliations should be completed accurately and reviewed timely for the identification and correction of reconciling items along with the evaluation of the appropriateness of long outstanding checks. Reimbursement requests should be completed monthly or quarterly to ensure grant funding is appropriately utilized. In addition, management should monitor budget to actual reports and adopt supplemental budgets for expenditures that exceed appropriations, as necessary.

At Centennial School District R-1 our Mission is to provide the best education for all students utilizing a variety of research-based curricula and cultural resources; effective communication among parents, community and staff; and collaboration to create a safe learning environment that provides opportunities to our students for success in a global society.

Action Taken:

This District will improve their procedures to ensure that information is being completed timely and accurately. Bank reconciliations will be reviewed monthly. Outstanding checks will be reviewed and correctly resolved and removed from our books. Grant reimbursements will be completed throughout the year, rather than just at year end during the final closeout process. Also, grant reimbursements will be reviewed. Budgets will be reviewed at year end to be sure we are in compliance with Colorado State Statutes.

If the U.S. Department of Education has questions regarding this plan, please call the responsible party listed below.

Sincerely yours,



Toby Melster
Superintendent
Centennial School District R-1



Lisa Dupont
Finance Director
Centennial School District R-1

At Centennial School District our Mission is to provide the best education for all students utilizing a variety of research-based curricula and cultural resources; effective communication among parents, community and staff; and collaboration to create a safe learning environment that provides opportunities to our students for success in a global society.

CENTENNIAL SCHOOL DISTRICT R-1

CDE COMPLIANCE SECTION



Colorado Department of Education
Auditors Integrity Report
 District: 0640 - Centennial R-1
 Fiscal Year 2021-22
 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	2,520,382	3,173,672	2,466,183	3,227,871
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	318,519	365,307	384,147	299,679
Sub- Total	2,838,901	3,538,979	2,850,330	3,527,550
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
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	52,254	218,591	156,413	114,432
22 Govt Designated-Purpose Grants Fund	3,392	1,271,132	1,271,132	3,392
23 Pupil Activity Special Revenue Fund	119,895	87,857	74,599	133,153
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	1,090,193	489,332	471,057	1,108,468
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	12,089	0	8,100	3,989
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	66,809	0	0	66,809
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	4,183,534	5,605,891	4,831,631	4,957,794
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