

**CENTENNIAL BOARD OF COOPERATIVE  
EDUCATIONAL SERVICES  
GREELEY, COLORADO**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended  
June 30, 2017**

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
GREELEY, COLORADO

ROSTER OF OFFICIALS  
June 30, 2017

BOARD OF DIRECTORS

BOARD MEMBER

DISTRICT

Jeff Wahlert	Pawnee, RE-12
Todd Schneider	Morgan, RE-3
Jane Johnson	Platte Valley, RE-7
Mike Dixon	Brush, RE-2J
Mary Clawson	Ault/Highland, RE-9
Greg Wheaton	Weldon Valley, RE-20J
Nancy Sarchet	Weld, RE-1
Alphretta Erdmann	Briggsdale, RE-10J
Scott Stump	Prairie, RE-11J
Cody Walker	Estes Park, R-3
Paula Peairs	St. Vrain Valley, RE-1J
Troy Freauuff	Wiggins, RE-50J
Lynette St. Jean	Eaton, RE-2
Cindy Horner	RE-1 Valley

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**(Unaudited)**  
**Required Supplementary Information**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**June 30, 2017**

The discussion and analysis of the Centennial Board of Cooperative Educational Services' (the "BOCES") financial performance provides an overall review of the BOCES' financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the BOCES' financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, and budgetary comparison schedules to broaden their understanding of the BOCES financial performance.

**Financial Highlights**

As a result of the implementation of GASB 68 during the year ended June 30, 2015, the BOCES' net position statement changed significantly from previous years. The total net position changed from -\$8,049,575 at the end of the June 30, 2016 to -\$12,136,432 as of June 30, 2017. The share of Colorado PERA's net pension liability for Centennial BOCES increased during the fiscal year causing the greatest impact on the Statement of Net Position found on page 3. During the fiscal year, CBOCES completed the final year of a ten year lease payoff of the original \$1,824,300 financed for the purposes of financing a new software system.

The BOCES fund balance in the General Fund of \$2,106,264 is an increase of \$157,037 over the prior fiscal year. The fund balance represents 18.4% of the actual expenditures for the fiscal year ended June 30, 2017. There were no significant factors in the fund balance increase and was based primarily on positive project balances in Innovative Education Services during the fiscal year.

Federal Migrant Education revenues account for \$1,985,950 or 17.1% of total governmental revenue for the year ending June 30, 2017. Federal Special Education IDEA Part B revenues account for \$1,345,789 or 11.6% of total governmental revenue. Title I revenues account for \$677,782 or 5.9% of total governmental revenue. Total federal sources of revenues were \$927,939 lower for the year ending June 30, 2017 compared to June 30, 2016. The main change in federal sources was the School to Work Program in the amount of \$501,120 moved from a federal revenue source to a state revenue source for the year ending June 30, 2017

**Using the Basic Financial Statements**

The basic financial statements consist of the Management Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can first understand the BOCES as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the BOCES' overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the BOCES' operations in more detail. The governmental fund statements tell how general BOCES services 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 financial statements and provide more detailed data.

## Financial Analysis of the BOCES as a Whole

For the fiscal year ending June 30, 2017, Centennial BOCES had a positive change in the fund balance. The fund balance increased \$157,037 over the prior year. At the end of the current fiscal year, total assets of the BOCES decreased to \$5,848,847 compared to \$5,945,956, which is a decrease of \$97,109 from the prior year. The change is represented by an increase in cash and investments of \$580,316 and a decrease in receivables of \$411,366 and capital assets of \$271,803. The change in liabilities is highlighted by the increase of the net pension liability from PERA in non-current liabilities, representing an increase of \$12,910,546.

## Government-Wide Financial Statements

The government-wide statements report information about the BOCES as a whole using accounting methods similar to those used by private businesses. The statements of net position include all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the BOCES' net position and how they have changed. The change in net position is important because it tells the reader that for the BOCES as a whole, the financial position of the BOCES has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions and required educational programs.

In the Statement of Net Position and the Statement of Activities, the BOCES has one type of activities: Governmental Activities – The majority of the BOCES' programs and services are reported here including instruction, support services, and interest on long term debt.

A condensed summary of the BOCES' Net Position is as follows:

	2017	2016
<b>Assets:</b>		
Current Assets	\$ 2,836,738	\$ 2,662,044
Capital Assets – Net	3,012,109	3,283,912
Deferred Outflows of Resources	10,532,184	1,726,916
Capital Assets & Deferred Outflows of Financial Resources	16,381,031	7,672,872
<b>Liabilities:</b>		
Current Liabilities	690,289	676,168
Non-current Liabilities	27,520,606	14,933,755
Deferred Inflows of Resources	306,568	112,524
Total Liabilities & Deferred Inflows of Financial Resources	28,517,463	15,722,447
<b>Net Position:</b>		
Net Invested in Capital Assets	2,474,177	2,407,820
Unrestricted Net Position	(14,610,609)	(10,457,395)
Total Net Position(Deficit)	(12,136,432)	(8,049,575)
Total Liabilities, Deferred Outflows and Net Position	\$ 16,381,031	\$ 7,672,872

The most significant changes in governmental activities were an increase in deferred outflows of resources of \$8,625,682, and an increase in non-current liabilities of \$12,586,852. The significant increase in non-current liabilities was primarily due to the updated Centennial BOCES' share of the net pension liability from PERA into the financial statements per GASB 68 requirement.

A condensed Statement of Activities and Changes in Net Position is as follows:

	2017	2016
<b>Program Revenues:</b>		
Charges for Services	\$ 4,132,011	\$ 3,683,955
Operating Grants	<u>7,353,172</u>	<u>7,875,968</u>
Total Program Revenues	11,485,183	11,559,923
<b>General Revenues:</b>		
Investment Earnings	15,389	5,457
Gain (Loss) on Capital Asset Disposals	-	1,084
Miscellaneous Revenues	<u>80,722</u>	<u>129,135</u>
Total General Revenues	<u>96,111</u>	<u>135,676</u>
<b>Total Revenues</b>	<u>11,581,294</u>	<u>11,695,599</u>
<b>Expenses:</b>		
Instruction	4,239,184	2,984,281
Supporting Services	<u>11,428,967</u>	<u>9,189,877</u>
<b>Total Expenses</b>	<u>15,668,151</u>	<u>12,174,158</u>
Change in Net Position	(4,086,857)	(478,559)
Net Position - Beginning	<u>(8,049,575)</u>	<u>(7,571,016)</u>
<b>Net Position Ending</b>	<u>\$ (12,136,432)</u>	<u>\$ (8,049,575)</u>

The decrease in governmental activity total revenues of \$113,221 is attributable to the decrease in grant revenues of \$522,796 and an increase of charges for services of \$448,056. The increases in total expenditures of \$3,349,993 are primarily attributable to the increase in supporting services expenses. The largest decreases in grant funding were in the Title I, Part C Migrant grant of \$282,905 and Title I, Part A grant of \$147,019. The largest increase in grant funding was in Title II Teacher Training grant of \$63,444.

### Reporting the BOCES' Most Significant Fund

The statements of the BOCES' major fund begin on page 3. Fund financial reports provide detailed information about the BOCES' major fund. The Centennial BOCES' major fund is the General Fund.

### Governmental Funds

All of the BOCES' activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the BOCES' general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds. The BOCES' governmental fund is the General fund. The General Fund accounts for BOCES' entire program related activities.



## Fund Financial Statements

As of June 30, 2017, the BOCES' general fund reported a fund balance of \$2,103,264, which is an increase of \$157,037 from the June 30, 2016 balance. The majority of the increase was related to carryover funds used in Innovative Education Services. The general fund has an unassigned fund balance of \$1,856,264 and a committed fund balance of \$250,000.

## Capital Assets

As of June 30, 2017, the BOCES had \$3,012,109 invested in a broad range of capital assets, including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions and depreciation) of \$271,803. A summary of the BOCES' Capital Assets is as follows:

	Balance 06/30/16	Additions	Deletions	Balance 06/30/17
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land and Easements	\$ 396,466	\$ -	\$ -	\$ 396,466
Capital Assets, being depreciated:				
Buildings and Improvements	3,280,165	-	-	3,280,165
Machinery and Equipment	2,355,151	-	-	2,355,151
Total Capital Assets	6,031,782	-	-	6,031,782
Accumulated Depreciation:				
Buildings and Improvements	(908,931)	(65,844)	-	(974,775)
Machinery and Equipment	(1,838,939)	(205,959)	-	(2,044,898)
Total Accum. Depreciation	(2,747,870)	(271,803)	-	(3,019,673)
<b>Net Governmental Capital Assets</b>	<b>\$ 3,283,912</b>	<b>\$ (271,803)</b>	<b>\$ -</b>	<b>\$ 3,012,109</b>

The BOCES decreased net capital assets by \$271,803. The change was due to an increase in total accumulated depreciation. The change in net capital assets did not include any additions in Machinery and Equipment. There were no equipment deletions for the fiscal year. The BOCES' policy is to capitalize and inventory annually capital assets with a unit value of or greater than \$5,000 and an estimated useful life of or greater than one year.

## Debt Administration

As of June 30, 2017, the BOCES had total outstanding long-term debt as follows:

TABLE 4 – SCHEDULE OF NONCURRENT LIABILITIES

	<b>Balance 6/30/16</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/17</b>	<b>Current Portion</b>	<b>Interest Expense</b>
<b><u>Capital Leases Payable:</u></b>						
Sungard Software Lease	\$ 219,282	\$ -	\$ 219,282	\$ -	\$ -	\$ 7,097
Vehicle Lease	22,638	-	8,768	13,870	9,153	802
2020 Clubhouse Lease	631,112	-	107,049	524,063	110,351	17,715
Greeley Copier Lease	<u>3,060</u>	<u>-</u>	<u>3,060</u>	<u>-</u>	<u>-</u>	<u>62</u>
Total Capital Leases Payable	876,092	-	338,159	537,933	119,504	25,676
PERA Net Pension Liability	13,911,128	12,910,546	-	26,821,674	-	-
Accrued Compensated Absences	<u>106,350</u>	<u>14,465</u>	<u>-</u>	<u>120,815</u>	<u>-</u>	<u>-</u>
<b>Total Long Term Obligations</b>	<b><u>\$14,893,570</u></b>	<b><u>\$12,925,011</u></b>	<b><u>\$ 338,159</u></b>	<b><u>\$27,480,422</u></b>	<b><u>\$ 119,504</u></b>	<b><u>\$ 25,676</u></b>

The BOCES' capital lease is for the Agency's facilities and equipment. Additional information regarding these leases can be found in Note 8 to the financial statements starting on page 24.

## General Fund Budget

The Board of Directors adopts the BOCES' budget in May of each year. Changes are then made in September when grant allocations are announced and staff changes are made for the new school year. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional revenues are received. The majority of changes to the BOCES' budget are due to grants awarded after the budget adoption. The final budget increased by \$457,487 over the original budget due to an increase in several projects, including three specific funding project sources – the CBOCES State Education Priorities Assistance project of \$87,681, Out of District Placement project of \$202,100 and the Alternative Licensure Program project of \$81,800. Actual expenditures for the year were \$750,356 less than budgeted.

## Economics Factors and Next Year's Budget and Rates

Joining forces to enrich educational opportunities for students, the BOCES provides high quality programs and services through partnerships and collaboration which support the educational priorities of member districts and enrich educational opportunities for students. The 2017-2018 budget addresses the major projects for the ensuing school year and provides an adequate level of funding for ongoing programs. The budget includes all programs associated with the thirteen districts within the BOCES. Overall, the original adopted BOCES' budget for 2017-2018 is \$11,908,979 or \$265,633 less than the final budget for 2016-2017. The main decreases are in the Technology Services budgets of \$223,349, and the Federal Program budgets of \$118,889. Special Education budgets increased \$217,715 over the final 2016-17 budget.

## Requests for Information

This financial report is designed to provide a general overview of the BOCES' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, 2020 Clubhouse Drive, Greeley, CO, 80634.

## **FINANCIAL SECTION**

# Holscher, Mayberry & Company, LLC

Certified Public Accountants

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

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Board of Directors  
Centennial Board of Cooperative Educational Services  
Greeley, Colorado

## Independent Auditors' Report

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund, and the related notes to the financial statements of the Centennial Board of Cooperative Educational Services, as of and for the year ended June 30, 2017, which collectively comprise the basic financial statements of the BOCES, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Centennial Board of Cooperative Educational Services, as of June 30, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited Centennial Board of Cooperative Educational Services 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 6, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived

#### **Other Matters**

##### ***Required Supplementary Information – Management Discussion and Analysis and Pension Schedules***

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M5 and the pension schedules on page 29 - 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

##### ***Required Supplementary Information – Budgetary Comparison Schedule***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 31-33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### **Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors' Electronic Financial Data Integrity Check Figures and Bolded Balance Sheet reports on pages 34 -37 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2017 on our consideration of the Centennial Board of Cooperative Educational Services' 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 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 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 Centennial Board of Cooperative Educational Services' internal control over financial reporting and compliance.



Englewood, CO  
October 6, 2017

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## **BASIC FINANCIAL STATEMENTS**

The Basic Financial Statements provide a financial overview of the Centennial Board of Cooperative Educational Services' operations. These financial statements present the financial position and operations of both government-wide and fund level activity.

**CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**Statement of Net Position**

**June 30, 2017**

	<b>Governmental Activities</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	
<b>Assets</b>	
Cash and Investments	\$ 1,878,975
Grants Receivable	862,276
Other Accounts Receivable	95,487
Capital Assets, not being depreciated	396,466
Capital Assets, being depreciated	2,615,643
<b>Total Assets</b>	<b>5,848,847</b>
<b>Deferred Outflows of Financial Resources</b>	
Contributions Subsequent to Measurement Date	395,687
Difference Between Actual and Expected Experience - net	335,312
Difference Between Projected and Actual Returns on Pension Plan Investments - net	896,861
Change in BOCES' Proportionate Share of Net Pension Liability - net	201,250
Changes of Assumptions - net	8,703,074
<b>Total Deferred Outflows of Financial Resources</b>	<b>10,532,184</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	<b>\$ 16,381,031</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	
<b>Liabilities</b>	
Accounts Payable	394,141
Accrued Salaries & Benefits	296,148
Non-Current Liabilities	
Due Within One Year	119,504
Due In More Than One Year	27,401,102
<b>Total Liabilities</b>	<b>28,210,895</b>
<b>Deferred Inflows of Financial Resources</b>	
Difference Between Projected and Actual Pension Plan Experience - net	236
Changes of Assumptions - net	120,952
Change in BOCES' Proportionate Share of Net Pension Liability - net	185,380
<b>Total Deferred Inflows of Financial Resources</b>	<b>306,568</b>
<b>Net Position</b>	
Net Investment in Capital Assets	2,474,177
Unrestricted Net Position	(14,610,609)
<b>Total Net Position</b>	<b>(12,136,432)</b>
<b>TOTAL LIABILITIES, DEFERRED OUTFLOWS AND NET POSITION</b>	<b>\$ 16,381,031</b>

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



**Statement of Activities**  
**For the Year Ended June 30, 2017**

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

**CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES****Balance Sheet****Governmental Funds****General Fund****June 30, 2017****(With Comparative Totals for June 30, 2016)**

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and Investments	\$ 1,878,975	\$ 1,292,915
Grants Receivable	862,276	1,181,330
Other Accounts Receivable	95,487	187,799
<b>TOTAL ASSETS</b>	<b>\$ 2,836,738</b>	<b>\$ 2,662,044</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 394,141	\$ 389,554
Accrued Salaries & Benefits	296,148	283,078
Other Long Term Liabilities	40,185	40,185
<b>Total Liabilities</b>	<b>730,474</b>	<b>712,817</b>
<b>Deferred Inflows of Financial Resources</b>		
<b>Fund Balance</b>		
Committed Fund Balance		
Committed for Subsequent Year's Expenditures	-	213,753
Committed for Equipment Replacement	-	55,500
Committed as Budgetary Reserve	250,000	250,000
Unassigned Fund Balance	1,856,264	1,429,974
<b>Total Fund Balance</b>	<b>2,106,264</b>	<b>1,949,227</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 2,836,738</b>	<b>\$ 2,662,044</b>

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

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### Reconciliation of Governmental Fund Balances to Governmental Activities Net Position June 30, 2017

Fund Balance - Governmental Funds	\$ 2,106,264
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds	
Capital assets, not being depreciated	396,466
Capital assets, being depreciated	5,635,316
Accumulated depreciation	(3,019,673)
Certain long-term pension related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds	
Contributions subsequent to measurement date	395,687
Difference between actual and expected experience (outflow)	563,139
Amortization of experience difference	(227,827)
Difference between projected and actual investment returns on the pension plan	1,596,849
Amortization of investment return difference	(699,988)
Changes of assumptions (outflow)	12,226,585
Amortization of change in assumptions	(3,523,511)
Change in BOCES' proportionate share of net pension liability (outflow)	446,678
Amortization of change in proportion	(245,428)
Net pension liability	(26,821,674)
Difference between projected and actual pension plan experience (inflow)	(1,249)
Amortization of experience difference	1,013
Changes of assumptions (inflow)	(268,457)
Amortization of change in assumptions	147,505
Change in BOCES' proportionate share of net pension liability (inflow)	(642,867)
Amortization of change in proportion	457,487
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.	
Capital leases payable	(537,932)
Accrued compensated absences	(120,815)
Total Net Position - Governmental Activities	<u>\$ (12,136,432)</u>

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

**CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**General Fund**  
**For the Year Ended June 30, 2017**  
**(With Comparative Totals for the Year Ended June 30, 2016)**

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
<b>REVENUES</b>		
Local Sources	\$ 4,241,622	\$ 3,832,247
Intermediate Sources	1,217	671
State Sources	2,771,383	2,366,586
Federal Sources	4,567,072	5,495,011
<b>TOTAL REVENUES</b>	<b>11,581,294</b>	<b>11,694,515</b>
<b>EXPENDITURES</b>		
Instruction	3,123,322	2,833,051
Pupil Support	2,890,394	2,961,965
Staff Support	1,870,192	2,385,316
General Administration	407,006	400,587
School Administration	89,474	79,039
Business Services	381,018	426,996
Operations and Maintenance	720,433	694,237
Other Central Support	1,108,797	1,106,917
Risk Management	46,905	56,772
Community Support	175,747	211,247
Other Uses	259,825	181,970
Debt Service	351,144	351,144
<b>TOTAL EXPENDITURES</b>	<b>11,424,257</b>	<b>11,689,241</b>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<b>157,037</b>	<b>5,274</b>
<b>BEGINNING FUND BALANCE</b>	<b>1,949,227</b>	<b>1,943,953</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 2,106,264</b>	<b>\$ 1,949,227</b>

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

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### Reconciliation of Governmental Changes in Fund Balance to Governmental Activities Change in Net Position For the Year Ended June 30, 2017

Change in Fund Balance - Governmental Funds	\$ 157,037
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level	
Depreciation Expense	(271,803)
Pension expense at the fund level represent cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.	
Change in contributions subsequent to measurement date	35,306
Change in the difference between actual and expected experience	309,871
Change in the amortization of experience difference	(157,914)
Current year projected to actual investment return difference	29,712
Current year amortization of overall investment return differences	(315,687)
Change in the changes of assumptions	12,229,182
Change in the amortization of Change in Assumptions	(3,450,472)
Change in net pension liability	(12,910,546)
Current year change in proportionate share of cost-sharing plan liability	(121,993)
Current year amortization of overall proportionate share differences	53,219
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level	
Principal payments on capital leases	338,160
Change in accrued interest payable	3,536
Change in accrued compensated absences	<u>(14,465)</u>
Total Net Position - Governmental Activities	<u>\$ (4,086,857)</u>

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

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Centennial Board of Cooperative Educational Services (the BOCES) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

##### **Reporting Entity**

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

Based upon the application of these criteria, no governmental organizations are includable within the BOCES' reporting entity.

##### **Basis of Presentation**

###### **Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the BOCES as a whole. The reporting information includes all of the non-fiduciary activities of the BOCES. These statements are used to distinguish between the governmental and business-type activities of the BOCES. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The BOCES' does not report any business-type activity's.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the BOCES and for each function of the BOCES' governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

###### **Fund Financial Statements**

The fund financial statements provide information about the BOCES' funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds would be aggregated and reported as non-major funds. Any fiduciary funds are presented separately. The BOCES presently does not have any non-major or fiduciary funds.

## **CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2017**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **Basis of Presentation (Continued)**

##### **Fund Financial Statements (Continued)**

The BOCES reports the following major governmental fund:

General Fund - This fund is the general operating fund of the BOCES. It is used to account for all financial activity.

##### **Measurement Focus and Basis of Accounting**

##### **Government-Wide Financial Statements**

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 at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the BOCES gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

##### **Governmental Fund Financial Statements**

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The BOCES considers all revenues reported in the governmental funds to be available if they can be used to satisfy current obligations as of year-end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the BOCES funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, they are both restricted and unrestricted net position available to finance the programs. It is the BOCES' policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year-end.

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Basis of Presentation** (Continued)

##### **Governmental Fund Financial Statements** (Continued)

The BOCES adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. By May 31, the Executive Director submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- A Uniform Budget Summary must be prepared and posted on the BOCES website.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board.
- Budgeted amounts reported in the accompanying financial statements are as adopted or amended by the Board.

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

Cash - Cash is in interest bearing accounts which are comprised of certificates of deposit, savings accounts and money market accounts which are legally authorized. The balance in the cash accounts is available to meet current operating requirements.

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

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

Property and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.



## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

Buildings and Site Improvements	50 years
Other Equipment	5-20 years

Unearned Revenues - The unearned revenues include governmental grants which have been received but not yet earned as service has not been provided.

Vacation, Sick Leave, and Other Compensated Absences - The BOCES employees do not vest in compensated absences for sick leave. Vacation and other compensated absence liabilities have been included as non-current liabilities.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has several items that qualify for reporting in this category, all related to outstanding pension obligations and further described in Note 5.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The BOCES reports deferred inflows for pension related amounts as further described in Note 5.

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

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

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

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

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

All remaining fund balance in the General Fund is presented as unassigned.

##### **Net Position/Fund Equity Flow Assumptions**

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

##### **Revenues and Expenditures**

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

##### **Comparative Data**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the BOCES' financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### **NOTE 2: CASH AND INVESTMENTS**

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

##### **Cash and Investments**

Petty Cash	\$ 400
Deposits	380,196
Investments	<u>1,498,379</u>
<b>Total Cash and Investments</b>	<b><u>\$1,878,975</u></b>

##### **Deposits**

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2017, State regulatory commissioners have indicated that all financial institutions holding deposits for the BOCES are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. Deposits are categorized by type of credit risk: (1) Insured or collateralized with securities held by the entity or by its agent in the entity's name. (2) Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. (3) Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.

##### **Investments**

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2017 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<b>Weighted Avg Mat. In Yrs</b>
Investment Pools	<u>\$ -</u>	<u>\$ 1,498,379</u>	<u>\$ -</u>	<u>\$ 1,498,379</u>	-

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- **Investment Pools:** Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### NOTE 2: CASH AND INVESTMENTS (Continued)

##### Investments (Continued)

The BOCES recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2017, there were no changes in the methods or assumptions utilized to derive the fair value of the BOCES' assets and liabilities.

The BOCES had invested in the Colorado Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of Colotrust consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions of Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by Colotrust. The fair value of the position in the pool is the same as the valuation of the pool shares.

Cash Invested - Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The allowed investments include local government investment pools and obligations of the United States Government.

Interest Rate Risk – The BOCES does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The BOCES has no investments policy that would further limit its investment choices. At June 30, 2017, the BOCES' investment in the Colorado Government Liquid Assets Trust (Colotrust) was rated AAAM by Standard & Poor's.

Concentration of Credit Risk – The BOCES Board has placed no limit on the amount the BOCES may invest in any one issuer.

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### **NOTE 3: CAPITAL ASSETS**

The BOCES' policy is to capitalize and inventory annually all capital assets with a unit value of or greater than \$5,000 and an estimated useful life of or greater than one year.

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>06/30/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/17</u>
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land and Easements	\$ 396,466	\$ -	\$ -	\$ 396,466
Capital Assets, being depreciated:				
Buildings and Improvements	3,280,165	-	-	3,280,165
Machinery and Equipment	<u>2,355,151</u>	<u>-</u>	<u>-</u>	<u>2,355,151</u>
Total Capital Assets	<u>6,031,782</u>	<u>-</u>	<u>-</u>	<u>6,031,782</u>
Accumulated Depreciation:				
Buildings and Improvements	(908,931)	(65,844)	-	(974,775)
Machinery and Equipment	<u>(1,838,939)</u>	<u>(205,959)</u>	<u>-</u>	<u>(2,044,898)</u>
Total Accum. Depreciation	<u>(2,747,870)</u>	<u>(271,803)</u>	<u>-</u>	<u>(3,019,673)</u>
<b>Net Governmental Capital Assets</b>	<b><u>\$ 3,283,912</u></b>	<b><u>\$ (271,803)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,012,109</u></b>

#### **NOTE 4: ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2017, are \$296,148. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### **NOTE 5: DEFINED BENEFIT PENSION PLAN**

##### **Summary of Significant Accounting Policies**

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

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

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

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

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

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

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### **NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

##### **General Information about the Pension Plan** (Continued)

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

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

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

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

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

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

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### **NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

##### **General Information about the Pension Plan** (Continued)

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

<b>January 1<sup>st</sup> through December 31<sup>st</sup></b>	<b>2014<sup>1</sup></b>	<b>2015<sup>1</sup></b>
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	3.80%	4.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	3.50%	4.00%
<b>Total employer contribution rate to the SCHDTF</b>	<b>16.43%</b>	<b>17.33%</b>

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from BOCES were \$733,025 for the plan year ended December 31, 2016 and \$814,150 for the fiscal year ended June 30, 2017.



## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### **NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

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

At June 30, 2017, the BOCES reported a liability of \$26,821,674 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The BOCES' proportion of the net pension liability was based on BOCES' contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the BOCES' proportion was .09008%, which was an increase of .0025% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017 the BOCES recognized pension expense of \$5,120,122. At June 30, 2017, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 335,312	\$ (236)
Changes of assumptions or other inputs	\$ 8,703,074	\$ (120,952)
Net difference between projected and actual earnings on pension plan investments	\$ 896,861	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 201,250	\$ (185,380)
Contributions subsequent to the measurement date	\$ 395,687	\$ -
Total	\$ 10,532,184	\$ (306,568)

\$395,687 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### **NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

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

Year Ended June 30:	
2018	\$ (3,916,821)
2019	(3,973,161)
2020	(1,930,999)
2021	(8,948)
Total	\$ (9,829,929)

*Actuarial assumptions.* The total pension liability as of December 31, 2016 actuarial valuation was determined based on the December 31, 2015 actuarial valuation using the following rollforward assumptions and other inputs:

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

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### **NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

As of the most recent analysis of the long-term expected rate of return, adopted by the PERA Board on November 18, 2016, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Rate of Return</b>
U.S Equity - Large Cap	21.20%	4.30%
U.S Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Bonds	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### **NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

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

*Discount rate.* The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions described above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 16, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.5%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce estimated amount to total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based on a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increase financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### **NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

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

Based on the above assumptions and methods, the GASB Statement No. 67 projections test indicates that the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on or after 2014 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26%.

As of the prior measurement date, the GASB Statement No. 67 projection test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate and the discount rate was 7.50 percent.

*Sensitivity of the BOCES' proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 5.26%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.26%) or 1-percentage-point higher (6.26%) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension asset (liability)	\$ (33,727,394)	\$ (26,821,674)	\$ (21,197,216)

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

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### **NOTE 6: DEFINED CONTRIBUTION PENSION PLAN**

##### Voluntary Investment Program

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

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The BOCES does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the fiscal year ended June 30, 2017 program members contributed \$78,723.

#### **NOTE 7: OTHER POST-EMPLOYMENT BENEFITS**

##### Health Care Trust Fund

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

*Funding Policy* – The BOCES is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the BOCES are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016 and 2015 each of the two preceding, the BOCES contributions to the HCTF were \$38,036, \$37,149 and \$35,503, respectively, equal to their required contributions for each year.

# CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### NOTE 8: LONG-TERM OBLIGATIONS

A summary of changes in long term obligations for the year ended June 30, 2017:

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17	Current Portion	Interest Expense
<b><u>Capital Leases Payable:</u></b>						
Sungard Software Lease	\$ 219,282	\$ -	\$ 219,282	\$ -	\$ -	\$ 7,097
Vehicle Lease	22,638	-	8,768	13,870	9,153	802
2020 Clubhouse Lease	631,112	-	107,049	524,063	110,351	17,715
Greeley Copier Lease	3,060	-	3,060	-	-	62
Total Capital Leases Payable	876,092	-	338,159	537,933	119,504	25,676
PERA Net Pension Liability	13,911,128	12,910,546	-	26,821,674	-	-
Accrued Compensated Absences	106,350	14,465	-	120,815	-	-
<b>Total Long Term Obligations</b>	<b><u>\$14,893,570</u></b>	<b><u>\$12,925,011</u></b>	<b><u>\$ 338,159</u></b>	<b><u>\$27,480,422</u></b>	<b><u>\$ 119,504</u></b>	<b><u>\$ 25,676</u></b>

Long term obligations also include the potential equity distribution of \$40,185 discussed in Note 10.

### **Capital Leases**

In February 2007, the BOCES entered into a lease agreement for \$1,824,300 to purchase a new computer system. The semi-annual payments of \$113,190 are due through February 2017 at an interest rate of 4.3%. The BOCES paid off the lease in full during the 2017 fiscal year.

In November 2011, the BOCES entered into a lease agreement for \$24,052 to purchase a copier. Monthly payments of \$446 are due through July 2017 at an interest rate of 6%. The BOCES paid off the lease in full during the 2017 fiscal year.

In June 2013, the BOCES entered into a lease agreement for \$925,000 to refinance a prior lease agreement of an office building in Greeley, Colorado. Included in the refinance were additional moneys for improvements to the office building. Monthly payments of \$10,397 are due through December 2021, at an interest rate of 3.0%. There was \$15,472 of unspent lease proceeds remaining as of June 30, 2015.

In January 2014, the BOCES entered into a lease agreement for \$42,980 to purchase a vehicle. Monthly payments of \$798 are due through December 2018, at an interest rate of 4.3%. The BOCES has capitalized assets of \$42,980 related to this lease.

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### **NOTE 8: LONG-TERM OBLIGATIONS** (Continued)

##### **Capital Leases** (Continued)

The future minimum capital lease payments at June 30, 2017, are as follows:

<u>Year</u>	<u>Amount</u>
2018	134,335
2019	129,541
2020	124,765
2021	124,765
2022	<u>62,382</u>
Total Future Minimum Lease Payments	575,788
Less: Interest Portion	<u>(37,855)</u>
<b>Present Value of Future Minimum Lease Payments</b>	<b><u>\$ 537,933</u></b>

#### **NOTE 9: RISK MANAGEMENT**

The BOCES carries commercial insurance for various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. Settled claims resulting from these risks have not exceeded commercial or BOCES coverage in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

#### **NOTE 10: FACILITY USE AGREEMENT**

Commencing July 1, 2016, the BOCES entered into a facility use agreement for campus space in Greeley and Longmont to house the Centennial BOCES High School. The agreement requires monthly payments of \$7,775 per month through June 30, 2019. There is an early termination election fee of \$20,000 at the end of the first year and \$10,000 if the election is made at the end of the second year.



## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### **NOTE 10: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES AND COMPLIANCE**

Claims and Judgments - The BOCES participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the BOCES may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited by state and federal agencies, but the BOCES believes that disallowed expenditures, if any, based on subsequent state and federal audits will not have a material effect on any of the individual governmental funds or the overall financial position of the BOCES.

Tabor Amendment - In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limits. The amendment does not specifically address BOCES. However, several legal opinions have been issued stating that a BOCES itself is not subject to the requirements and restrictions of the TABOR amendment. There have been several recent court cases with organizations similar to BOCES, where the court has found that these organizations are not subject to TABOR since they are not a municipality and do not exercise independent "Government" power. However, in virtually all situations BOCES will be impacted to the degree that their member BOCESs are impacted by the restrictions of TABOR. A BOCES does not need to maintain emergency reserves required by TABOR and expenditures can fluctuate independently of TABOR.

Equity ownership - The BOCES had discussions with a prior member district of the Weld County BOCES as to their equity in the BOCES when they withdrew under an agreement dated August 31, 1995. In 1996, the prior member BOCES requested a payment of \$40,185 for their existing equity. At that time, BOCES legal counsel advised the Centennial BOCES that the BOCES does not have an obligation to return the equity unless the BOCES dissolves. In the future, if the BOCES dissolves, the \$40,185 will be paid from funds generated by the sale of the capital assets of the BOCES. This amount is included as an other long-term liability in the governmental activity presentation.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Unaudited)**

**CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**SCHEDULE OF THE BOCES' PROPORTIONATE SHARE OF THE  
NET PENSION ASSET (LIABILITY)  
PERA Pension Plan  
Last 10 Fiscal Years<sup>(1)</sup>**

	<u>6/30/17</u>	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
BOCES' proportion of the net pension asset (liability)	0.090085%	0.090956%	0.087583%	0.091667%
BOCES' proportionate share of the net pension asset (liability)	\$ (26,821,674)	\$ (13,911,128)	\$ (11,870,480)	\$ (11,692,101)
BOCES' covered-employee payroll	\$ 4,043,159	\$ 3,963,856	\$ 3,669,112	\$ 3,695,389
BOCES' proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	-663.38%	-350.95%	-323.52%	-316.40%
Plan fiduciary net position as a percentage of the total pension liability	43.13%	59.16%	62.84%	64.07%

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

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

See the accompanying Independent Auditors' Report.

**Centennial Board of Cooperative Educational Services**

**SCHEDULE OF BOCES CONTRIBUTIONS**

**PERA Pension Plan**

**Last 10 Fiscal Years<sup>(1)</sup>**

	<u>6/30/17</u>	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
Contractually required contributions	\$ 733,025	\$ 686,936	\$ 602,835	\$ 573,894
Actual contributions	<u>\$ (733,025)</u>	<u>\$ (686,936)</u>	<u>(602,835)</u>	<u>(573,894)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES' covered-employee payroll	\$ 4,043,159	\$ 3,963,856	\$ 3,669,112	\$ 3,695,389
Contributions as a percentage of covered-employee payroll	18.13%	17.33%	16.43%	15.53%

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

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

See the accompanying Independent Auditors' Report.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2017**  
**(With Comparative Totals for the Year Ended June 30, 2016)**

	2017				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2016 Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Tuition From Individuals	\$ 85,500	\$ 167,300	\$ 196,375	\$ 29,075	\$ 122,870
BOCES Assessments	2,489,296	2,489,296	2,865,654	376,358	2,519,757
Investment Earnings	2,500	2,500	15,389	12,889	5,457
Community Service Revenue	73,720	73,720	73,720	-	73,720
Rent Revenue	-	-	24,000	24,000	22,650
Donations	6,500	11,317	13,500	2,183	13,700
Other Local BOCES Services Flowthrough	349,666	349,666	325,991	(23,675)	324,619
Services Provided - Other AU	31,454	31,454	31,454	-	46,045
Overhead Cost Revenue	133,851	133,851	189,020	55,169	144,232
Indirect Cost Revenue	401,000	401,000	425,797	24,797	430,062
Other Local	296,472	578,232	80,722	(497,510)	129,135
Total Local Sources	3,869,959	4,238,336	4,241,622	3,286	3,832,247
<b>Intermediate Sources</b>					
Mineral Leases	-	-	1,217	1,217	671
<b>State Sources</b>					
State Grants from CDE					
State ECEA	1,516,210	1,516,210	1,716,849	200,639	1,726,002
State Gifted and Talented	211,960	206,037	206,037	-	211,960
BOCES Grant Writing	20,190	21,070	21,070	-	86,571
State Ed Priorities	278,742	280,015	280,015	-	278,742
CPR and AED Training Grant	-	-	-	-	9,660
Gifted and Talented Universal Screening	-	38,073	38,073	-	53,651
SWAP	520,000	520,000	501,120	(18,880)	-
Other Agency State Grants	-	-	8,219	8,219	-
Total State Sources	2,547,102	2,581,405	2,771,383	189,978	2,366,586
<b>Federal Sources</b>					
Federal Grants from CDE					
NCLB Title I, Part A - Improving Basic Programs	742,413	704,187	677,782	(26,405)	824,801
NCLB Title I, Part C - Migrant Education	2,178,090	2,181,590	1,985,950	(195,640)	2,268,855
IDEA Part B - Special Education	1,345,826	1,345,826	1,345,789	(37)	1,348,049
IDEA Part B - Special Education Preschool	37,007	37,007	41,174	4,167	33,685
NCLB Title III, Part A - English Language Acquisition	83,365	80,581	74,079	(6,502)	78,197
NCLB Title II, Part A - Teacher & Principal Training	192,810	226,386	202,113	(24,273)	138,669
NCLB Title I, Part A - Competitive	-	-	-	-	64,111
IDEA Part B - Special Education Supplemental	-	-	-	-	1,832
CO SEM Grant	50,000	105,727	83,110	(22,617)	117,857
NCLB Title X - Homeless Education	40,000	40,000	40,000	-	39,770
Stem Grant	-	-	-	-	6,729
NCLB Title III, Part A - English Language Set Aside	-	416	-	(416)	-
Federal Grants from Other State Agencies					
Carl Perkins Vocational Education	116,800	119,398	117,075	(2,323)	110,466
School to Work Alliance Program	-	-	-	-	461,990
Total Federal Sources	4,786,311	4,841,118	4,567,072	(274,046)	5,495,011
<b>TOTAL REVENUES</b>	<b>11,203,372</b>	<b>11,660,859</b>	<b>11,581,294</b>	<b>(79,565)</b>	<b>11,694,515</b>

See the accompanying Independent Auditors' Report

(Continued)



**CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2017**  
**(With Comparative Totals for the Year Ended June 30, 2016)**

	2017				2016 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
(Continued)					
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries	1,122,773	1,122,773	1,025,913	96,860	802,510
Benefits	407,188	407,188	332,428	74,760	279,315
PS - Professional	-	-	12,671	(12,671)	2,944
PS - Other	1,462,888	1,624,697	1,715,760	(91,063)	1,737,247
Supplies	46,505	61,755	36,447	25,308	10,519
Property	-	-	-	-	410
Other Expenses	100	100	103	(3)	106
Total Instruction	3,039,454	3,216,513	3,123,322	93,191	2,833,051
<b>Supporting Services</b>					
<b>Pupil Support</b>					
Salaries	1,561,458	1,475,834	1,445,250	30,584	1,279,248
Benefits	562,314	517,068	480,769	36,299	436,588
PS - Professional	76,990	78,990	172,725	(93,735)	244,567
PS - Property	7,600	5,400	4,217	1,183	33,254
PS - Other	774,178	728,934	711,306	17,628	866,896
Supplies	99,309	101,075	67,557	33,518	92,879
Property	2,000	2,000	505	1,495	797
Other Expenses	9,031	8,500	8,065	435	7,736
Total Pupil Support	3,092,880	2,917,801	2,890,394	27,407	2,961,965
<b>Staff Support</b>					
Salaries	569,193	615,004	588,904	26,100	620,348
Benefits	167,766	181,981	172,917	9,064	174,204
PS - Professional	384,835	425,788	363,105	62,683	377,425
PS - Property	95,600	125,060	116,775	8,285	1,918
PS - Other	373,305	439,884	387,604	52,280	960,312
Supplies	139,631	177,163	140,786	36,377	161,732
Property	18,300	20,250	10,694	9,556	4,510
Other Expenses	86,313	61,823	89,407	(27,584)	84,867
Total Staff Support	1,834,943	2,046,953	1,870,192	176,761	2,385,316
<b>General Administration</b>					
Salaries	172,215	172,215	166,047	6,168	162,532
Benefits	54,986	54,986	50,470	4,516	52,770
PS - Professional	46,605	46,605	28,743	17,862	34,959
PS - Property	3,000	3,000	5,059	(2,059)	17,760
PS - Other	36,210	36,210	33,804	2,406	32,665
Supplies	11,952	11,952	24,314	(12,362)	13,742
Property	62,000	62,000	8,251	53,749	2,579
Other Expenses	98,177	106,148	90,318	15,830	83,580
Total General Administration	485,145	493,116	407,006	86,110	400,587
<b>School Administration</b>					
Salaries	61,047	61,047	68,527	(7,480)	60,330
Benefits	20,070	20,070	20,947	(877)	18,709
Total School Administration	81,117	81,117	89,474	(8,357)	79,039

See the accompanying Independent Auditors' Report

(Continued)

**CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2017**  
**(With Comparative Totals for the Year Ended June 30, 2016)**

	<b>2017</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	<b>2016 Actual</b>
(Continued)					
<b>EXPENDITURES (Continued)</b>					
<b>Supporting Services (Continued)</b>					
<b>Business Services</b>					
Salaries	300,805	300,486	283,183	17,303	317,275
Benefits	95,896	95,686	89,835	5,851	96,721
PS - Other	5,000	8,000	8,000	-	13,000
Total Business Services	401,701	404,172	381,018	23,154	426,996
<b>Operations and Maintenance</b>					
Salaries	-	-	278	(278)	664
Benefits	-	-	59	(59)	138
PS - Professional	-	-	-	-	90
PS - Property	72,169	72,169	75,783	(3,614)	83,619
PS - Other	1,950	1,950	1,959	(9)	3,027
Supplies	46,700	46,700	56,509	(9,809)	55,345
Other Expenses	571,267	612,384	585,845	26,539	551,354
Total Operations and Maintenance	692,086	733,203	720,433	12,770	694,237
<b>Other Central Support</b>					
Salaries	599,819	618,379	610,892	7,487	595,626
Benefits	183,061	190,261	182,438	7,823	174,770
PS - Professional	130,542	156,882	138,362	18,520	133,848
PS - Property	5,600	8,000	4,383	3,617	5,682
PS - Other	57,835	81,475	47,906	33,569	72,071
Supplies	39,326	40,326	42,000	(1,674)	39,241
Property	4,900	8,400	1,076	7,324	6,665
Other Expenses	82,050	81,300	81,740	(440)	79,014
Total Other Central Support	1,103,133	1,185,023	1,108,797	76,226	1,106,917
<b>Risk Management</b>					
PS - Other	52,350	52,350	46,905	5,445	56,772
<b>Community Support</b>					
Salaries	98,301	115,274	115,284	(10)	133,085
Benefits	35,257	43,139	43,197	(58)	48,064
PS - Professional	3,500	3,500	4,100	(600)	3,500
PS - Other	9,500	12,309	4,320	7,989	12,236
Supplies	9,000	9,000	8,846	154	14,207
Other Expenses	-	-	-	-	155
Total Community Support	155,558	183,222	175,747	7,475	211,247
<b>Other Uses</b>					
Up-Front Grant Match	177,616	260,000	259,825	175	181,970
<b>Debt Service</b>					
Principal	351,142	351,142	351,144	2	351,144
<b>Contingency</b>					
	250,000	250,000	-	250,000	-
<b>TOTAL EXPENDITURES</b>	<b>11,717,125</b>	<b>12,174,612</b>	<b>11,424,257</b>	<b>750,359</b>	<b>11,689,241</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(513,753)</b>	<b>(513,753)</b>	<b>157,037</b>	<b>670,794</b>	<b>5,274</b>
<b>BEGINNING FUND BALANCE</b>	<b>513,753</b>	<b>513,753</b>	<b>1,949,227</b>	<b>1,435,474</b>	<b>1,943,953</b>
<b>ENDING FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,106,264</b>	<b>\$ 2,106,264</b>	<b>\$ 1,949,227</b>

See accompanying Independent Auditors' Report.

## **STATE COMPLIANCE**



Colorado Department of Education

Auditors Integrity Report

District: 9035 - CENTENNIAL BOCES

Fiscal Year 2016-17

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
10 General Fund	1,949,227	11,581,293	11,424,257	2,106,264
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	1,949,227	11,581,293	11,424,257	2,106,264
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	0	0	0	0
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

See accompanying Independent Auditor's Report.



**Colorado Department of Education**  
**Bolded Balance Sheet Report**  
District: 9035 - CENTENNIAL BOCES  
Fiscal Year 2016-17  
Colorado School District/BOCES

Governmental										Proprietary					Fiduciary		
ASSETS	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals		
Cash and Investments (8100-8104,8111)	1,878,975	0	0	0	0	0	0	0	0	0	0	0	0	0	1,878,975		
Grants Accounts Receivable (8142)	862,276	0	0	0	0	0	0	0	0	0	0	0	0	0	862,276		
Other Receivables (8151-8154,8161)	95,487	0	0	0	0	0	0	0	0	0	0	0	0	0	95,487		
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
<b>Total Assets</b>	<b>2,836,738</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,836,738</b>		

See accompanying Independent Auditor's Report.

<u>LIABILITIES &amp; FUND EQUITY</u>	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Other Payables (7421-7423)	402,615	0	0	0	0	0	0	0	0	0	0	0	0	0	402,615
Accrued Expenses (7461)	296,148	0	0	0	0	0	0	0	0	0	0	0	0	0	296,148
Payroll Ded. and Withholdings (7471-7473)	-8,474	0	0	0	0	0	0	0	0	0	0	0	0	0	-8,474
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-Term Liabilities (7521,7531,7561,7590)	40,185	0	0	0	0	0	0	0	0	0	0	0	0	0	40,185
Total Liabilities	730,474	0	0	0	0	0	0	0	0	0	0	0	0	0	730,474

See accompanying Independent Auditor's Report.

Governmental

Proprietary

Fiduciary

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR 3% Emergency Reserve 6721	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	250,000	0	0	0	0	0	0	0	0	0	0	0	0	0	250,000
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	1,856,264	0	0	0	0	0	0	0	0	0	0	0	0	0	1,856,264
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	2,106,264	0	0	0	0	0	0	0	0	0	0	0	0	0	2,106,264

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	2,836,738	0	0	0	0	0	0	0	0	0	0	0	0	0	2,836,738

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk related activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
For Each Fund Type: Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

See accompanying Independent Auditor's Report.