

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

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended  
June 30, 2016**

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
GREELEY, COLORADO

ROSTER OF OFFICIALS  
June 30, 2016

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
Eric Adams	Estes Park, R-3
Paula Peairs	St. Vrain Valley, RE-1J
Troy Freau	Wiggins, RE-50J
Lynette St. Jean	Eaton, RE-2

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## **FINANCIAL SECTION**

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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, 2016**

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, 2016. 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**

The share of Colorado PERA's net pension liability for Centennial BOCES is \$13,911,128 as of June 30, 2016. When including this long-term pension cost, the total net position changed from -\$7,571,016 at the end of the June 30, 2015 to -\$8,049,575 as of June 30, 2016. This accounting change is a requirement and is reflected on the Statement of Net Position on page 3. During the fiscal year, CBOCES completed the ninth 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 \$1,949,227 is an increase of \$5,274 over the prior fiscal year. The fund balance represents 16.7% of the actual expenditures for the fiscal year ended June 30, 2016. There were no significant factors in the fund balance increase and was based on positive project balances in Innovative Education Services during the fiscal year.

Federal Migrant Education revenues account for \$2,268,855 or 19.4% of total governmental revenue for the year ending June 30, 2016. Federal Special Education IDEA Part B revenues account for \$1,381,734 or 11.8% of total governmental revenue. Title I revenues account for \$824,801 or 7.1% of total governmental revenue. Total federal sources of revenues were \$165,266 higher for the year ending June 30, 2016 compared to June 30, 2015.

**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, 2016, Centennial BOCES had a positive change in the fund balance. The fund balance increased \$5,274 over the prior year. As noted earlier, certain financial statements are significantly impacted by the implementation of GASB 68. At the end of the current fiscal year, total assets of the BOCES decreased to \$5,945,956 compared to \$6,607,532, which is a decrease of \$661,576 from the prior year. The major change is represented by a decrease in cash and investments of \$451,600. The change in liabilities is highlighted by the increase of the net pension liability from PERA in non-current liabilities, representing an increase of \$2,040,648, and a decrease in accounts payable of \$335,442.

## 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 activity: 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:

TABLE I – CONDENSED SUMMARY OF NET POSITION

	2016	2015
<u>Assets and Deferred Outflows:</u>		
Current Assets	\$2,662,044	\$3,038,639
Capital Assets – Net	\$3,283,912	\$3,568,893
Deferred Outflows of Resources	\$1,726,916	\$ 587,762
Total Assets & Deferred Outflows of Financial Resources	\$7,672,872	\$7,195,294
<u>Liabilities and Deferred Inflows:</u>		
Current Liabilities	\$ 676,168	\$ 1,104,860
Noncurrent Liabilities	\$14,933,755	\$13,214,088
Deferred Inflows of Resources	\$ 112,524	\$ 450,611
Total Liabilities & Deferred Inflows of Financial Resources	\$15,722,447	\$14,766,310
<u>Net Position:</u>		
Net Invested in Capital Assets	\$2,407,820	\$2,365,456
Unrestricted Net Position	\$(10,457,395)	\$(9,936,472)
Total Net Position(Deficit)	\$(8,049,575)	\$(7,571,016)
Total Liabilities, Deferred Outflows and Net Position	<u>\$ 7,672,872</u>	<u>\$ 7,195,294</u>

The most significant changes in governmental activities were a decrease in current assets of \$376,595, a decrease in current liabilities of \$428,692 and an increase in non-current liabilities of \$1,719,667. The significant increase in Noncurrent Liabilities was due to incorporating 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:

TABLE 2 – CONDENSED STATEMENT OF ACTIVITIES

	2016	2015
<b>Program Revenues:</b>		
Charges for Services	\$3,683,955	\$3,510,819
Operating Grants	\$7,875,968	\$7,678,899
Total Program Revenues	\$11,559,923	\$11,189,718
<b>General Revenues:</b>		
Investment Earnings	\$ 5,457	\$ 1,875
Gain (Loss) on Capital Asset Disposals	\$ 1,084	\$ 461
Miscellaneous Revenues	<u>\$129,135</u>	<u>\$131,726</u>
Total General Revenues	\$135,676	\$134,062
<b>Total Revenues</b>	<u>\$11,695,599</u>	<u>\$11,323,780</u>
<b>Expenses:</b>		
Instruction	\$2,984,281	\$2,888,891
Supporting Services	\$9,189,877	\$8,752,754
<b>Total Expenses</b>	<u>\$12,174,158</u>	<u>\$11,641,645</u>
Change in Net Position	<u>\$ (478,559)</u>	<u>\$ (317,865)</u>
Net Position - Beginning	\$ (7,571,016)	\$ 4,142,923
Prior Period Restatement	<u>\$(11,713,939)</u>	<u>\$(11,396,074)</u>
Net Position - Beginning (Restated)	<u>\$(7,571,016)</u>	<u>\$(7,253,151)</u>
<b>Net Position Ending</b>	<u><b>(\$8,049,575)</b></u>	<u><b>(\$7,571,016)</b></u>

The increase in governmental activity total revenues of \$370,205 is attributable to the increase in grant revenues of \$197,069 and in charges for services of \$173,136. The increases in total expenditures of \$532,513 are primarily attributable to the increase in supporting services expenses. The largest decreases in grant funding were in the STEM grant of \$55,331 and Title II, Part A Teacher Training grant of \$20,293. The largest increase in grant funding was in CO School Emergency Management grant of \$117,857.

### 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, 2016, the BOCES' general fund reported a fund balance of \$1,949,227, which is an increase of \$5,274 from the June 30, 2015 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 \$1,429,974 and a committed fund balance of \$519,253.

## Capital Assets

As of June 30, 2016, the BOCES had \$3,283,912 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 \$284,981. A summary of the BOCES' Capital Assets is as follows:

TABLE 3 – SUMMARY OF CAPITAL ASSETS

	<u>Balance 06/30/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/16</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land and Easements	\$ 396,466	-	-	\$ 396,466
Capital Assets, Being Depreciated				
Buildings & 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	<b><u>\$6,031,782</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$6,031,782</u></b>
Less Accumulated Depreciation: Buildings and Improvements	\$(843,088)	\$(65,843)	-	\$(908,931)
Less Accumulated Depreciation: Machinery and Equipment	<u>\$(1,619,801)</u>	<u>\$(219,138)</u>	<u>\$ -</u>	<u>\$(1,838,939)</u>
Total Accumulated Depreciation	<b><u>\$(2,462,889)</u></b>	<b><u>\$(284,981)</u></b>	<b><u>\$ -</u></b>	<b><u>\$(2,747,870)</u></b>
<b>Net Capital Assets</b>	<b><u>\$3,568,893</u></b>	<b><u>\$(284,981)</u></b>	<b><u>\$ -</u></b>	<b><u>\$3,283,912</u></b>

The BOCES decreased net capital assets by \$284,981. 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. This reduction was primarily the result of obsolete technology equipment being recycled. 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, 2016, the BOCES had total outstanding long-term debt as follows:

TABLE 4 – SCHEDULE OF NONCURRENT LIABILITIES

	Balance 06/30/15	Additions	Payments or Deletions	Balance 06/30/16	Current Portion
<b>Capital Leases</b>					
Vehicle Lease	\$ 31,038	\$ -	\$ 8,400	\$ 22,638	\$ 8,768
2020 Clubhouse Drive	\$734,904	-	\$103,792	\$631,112	\$107,049
Computer Software Lease	\$429,431	-	\$210,149	\$219,282	\$219,282
Greeley Copier Lease	<u>\$ 8,064</u>	<u>\$ -</u>	<u>\$ 5,004</u>	<u>\$ 3,060</u>	<u>\$ 3,060</u>
Total Capital Leases Payable	\$1,203,437	\$ -	\$327,345	\$ 876,092	\$338,159
PERA Net Pension Liability	\$11,870,480	\$2,040,648		\$13,911,128	
Accrued Compensated Absences	<u>\$ 140,171</u>	<u>\$ -</u>	<u>\$ 33,821</u>	<u>\$ 106,350</u>	<u>-</u>
<b>Total Long-term Obligations</b>	<b><u>\$13,214,088</u></b>	<b><u>\$2,040,648</u></b>	<b><u>\$361,166</u></b>	<b><u>\$14,893,570</u></b>	<b><u>\$338,159</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 \$667,753 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 \$87,365, Out of District Placement project of \$70,807 and the Colorado School Emergency Management grant of \$108,896. Actual expenditures for the year were \$498,0070 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 2016-2017 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 2016-2017 is \$11,717,125 or \$470,182 less than the final budget for 2015-2016. The main decreases are in Innovative Education Services budgets of \$424,552, and the reduction of Federal Program budgets of 305,987. Special Education budgets increased \$291,587 over the final 2015-16 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.

# 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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 5, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 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 27 - 28 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 29 - 31 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 32 -35 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, 2016 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.

*Holscher, Mayberry + Company, LLC*

Englewood, CO  
October 6, 2016

## **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, 2016**

	<b>Governmental Activities</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	
<b>Assets</b>	
Cash and Investments	\$ 1,280,198
Restricted Cash and Investments	12,717
Grants Receivable	1,181,330
Other Accounts Receivable	187,799
Capital Assets, not being depreciated	396,466
Capital Assets, being depreciated	2,887,446
<b>Total Assets</b>	<u>5,945,956</u>
<b>Deferred Outflows of Financial Resources</b>	
Contributions Subsequent to Measurement Date	360,381
Difference Between Actual and Expected Experience - net	183,699
Difference Between Projected and Actual Returns on Pension Plan Investments - net	1,182,836
<b>Total Deferred Outflows of Financial Resources</b>	<u>1,726,916</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	<u>\$ 7,672,872</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	
<b>Liabilities</b>	
Accounts Payable	407,377
Accrued Interest	3,536
Accrued Salaries & Benefits	265,255
Non-Current Liabilities	
Due Within One Year	338,159
Due In More Than One Year	14,635,781
<b>Total Liabilities</b>	<u>15,609,923</u>
<b>Deferred Inflows of Financial Resources</b>	
Difference Between Projected and Actual Pension Plan Experience - net	580
Changes of Assumptions - net	196,588
Change in BOCES' Proportionate Share of Net Pension Liability - net	(84,644)
<b>Total Deferred Inflows of Financial Resources</b>	<u>112,524</u>
<b>Net Position</b>	
Net Investment in Capital Assets	2,407,820
Unrestricted Net Position	(10,457,395)
<b>Total Net Position</b>	<u>(8,049,575)</u>
<b>TOTAL LIABILITIES, DEFERRED OUTFLOWS AND NET POSITION</b>	<u>\$ 7,672,872</u>

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



**Statement of Activities**  
**For the Year Ended June 30, 2016**

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, 2016**

**(With Comparative Totals for June 30, 2015)**

	<u>Totals</u>	
	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash and Investments	\$ 1,280,198	\$ 1,729,043
Restricted Cash and Investments	12,717	15,472
Grants Receivable	1,181,330	1,184,801
Other Accounts Receivable	187,799	105,116
Prepaid Expenses	-	4,207
<b>TOTAL ASSETS</b>	<u>\$ 2,662,044</u>	<u>\$ 3,038,639</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 389,554	\$ 742,818
Accrued Salaries & Benefits	283,078	287,409
Other Long Term Liabilities	40,185	40,185
<b>Total Liabilities</b>	<u>712,817</u>	<u>1,070,412</u>
<b>Deferred Inflows of Financial Resources</b>		
Deferred Inflows Grants	-	24,274
<b>Fund Balance</b>		
Committed Fund Balance		
Committed for Subsequent Year's Expenditures	213,753	246,043
Committed for Equipment Replacement	55,500	55,500
Committed as Budgetary Reserve	250,000	250,000
Unassigned Fund Balance	1,429,974	1,392,410
<b>Total Fund Balance</b>	<u>1,949,227</u>	<u>1,943,953</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<u>\$ 2,662,044</u>	<u>\$ 3,038,639</u>

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, 2016**

Fund Balance - Governmental Funds	\$ 1,949,227
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	(2,747,870)
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	360,381
Difference Between Actual and Expected Experience	253,281
Amortization of Experience Difference	(69,582)
Difference between projected and actual investment returns on the pension plan	1,567,137
Amortization of investment return difference	(384,301)
Net pension liability	(13,911,128)
Difference between projected and actual pension plan experience	(1,262)
Amortization of experience difference	682
Changes of Assumptions	(271,054)
Amortization of Change in Assumptions	74,466
Change in BOCES' proportionate share of net pension liability	(74,196)
Amortization of change in proportion	158,840
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.	
Capital leases payable	(876,092)
Accrued interest payable	(3,536)
Accrued compensated absences	<u>(106,350)</u>
Total Net Position - Governmental Activities	<u>\$ (8,049,575)</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, 2016**  
**(With Comparative Totals for the Year Ended June 30, 2015)**

	<b>Totals</b>	
	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>		
Local Sources	\$ 3,832,247	\$ 3,703,791
Intermediate Sources	671	1,872
State Sources	2,366,586	2,330,891
Federal Sources	5,495,011	5,329,745
<b>TOTAL REVENUES</b>	<u>11,694,515</u>	<u>11,366,299</u>
<b>EXPENDITURES</b>		
Instruction	2,833,051	2,707,327
Pupil Support	2,961,965	2,905,954
Staff Support	2,385,316	2,344,646
General Administration	400,587	424,764
School Administration	79,039	75,854
Business Services	426,996	333,425
Operations and Maintenance	694,237	678,928
Other Central Support	1,106,917	1,102,276
Risk Management	56,772	58,138
Community Support	211,247	177,623
Other Uses	181,970	167,973
Debt Service	351,144	361,281
<b>TOTAL EXPENDITURES</b>	<u>11,689,241</u>	<u>11,338,189</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<u>5,274</u>	<u>28,110</u>
<b>BEGINNING FUND BALANCE</b>	<u>1,943,953</u>	<u>1,915,843</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 1,949,227</u>	<u>\$ 1,943,953</u>

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, 2016**

Change in Fund Balance - Governmental Funds	\$ 5,274
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level	
Depreciation Expense	(284,981)
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	18,445
Change in the difference between actual and expected experience	253,281
Change in the amortization of experience difference	(69,582)
Current year projected to actual investment return difference	1,293,997
Current year amortization of overall investment return differences	(356,987)
Change in net pension liability	(2,040,648)
Current year projected to actual pension plan experience difference	(376)
Current year amortization of overall pension plan experience differences	561
Change in the changes of assumptions	(271,054)
Change in the amortization of Change in Assumptions	74,466
Current year change in proportionate share of cost-sharing plan liability	446,678
Current year amortization of overall proportionate share differences	87,812
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	327,345
Change in accrued interest payable	3,389
Change in accrued compensated absences	<u>33,821</u>
Total Net Position - Governmental Activities	\$ <u><u>(478,559)</u></u>

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

# CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016

### 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*.

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, 2016**

### **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.

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

# CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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

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

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

- 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.
- Budgets are required to be filed with the Commissioner of Education within thirty days after the beginning of the fiscal year.
- 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, 2016

### 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 two items that qualify for reporting in this category, both 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 District reports deferred inflows for property taxes as described above and pension related deferrals as further described in Note 5.

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

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

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

# CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016

### 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, 2016

### 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

Unrestricted	\$ 1,280,198
Restricted - Capital Improvement/Debt Service	12,717
<b>Total Cash and Investments</b>	<b>\$ 1,292,915</b>

Petty Cash	\$ 400
Deposits	44,514
Investments	1,248,001
<b>Total Cash and Investments</b>	<b>\$ 1,292,915</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, 2016, 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.

	<b>Bank Balance</b>	<b>Carrying Balance</b>
FDIC Insured	\$ 233,087	\$ 44,514

# CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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

#### 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, 2016 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>
Investment Pools	\$ -	\$ 1,248,001	\$ -	\$ 1,248,001

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.

The BOCES recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2016, 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, 2016 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, 2016

### 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:

<b>Governmental Capital Assets</b>				
	<b>Balance</b>			<b>Balance</b>
	<b><u>6/30/2015</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>6/30/2016</u></b>
<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	(843,088)	(65,843)	-	(908,931)
Machinery and Equipment	<u>(1,619,801)</u>	<u>(219,138)</u>	<u>-</u>	<u>(1,838,939)</u>
Total Accum. Depreciation	<u>(2,462,889)</u>	<u>(284,981)</u>	<u>-</u>	<u>(2,747,870)</u>
<b>Net Governmental Capital Assets</b>	<b><u>\$ 3,568,893</u></b>	<b><u>\$ (284,981)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,283,912</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, 2016, are \$265,255. 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, 2016

### NOTE 5: DEFINED BENEFIT PENSION PLAN

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

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

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

*Plan description.* Eligible employees of the District are provided with pensions through the School Division Trust Fund (SCHDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](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, 2016

#### **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, 2016**

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

<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 District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$648,744 for the plan year ended December 31, 2015 and \$705,381 for the fiscal year ended June 30, 2016.



**CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**

**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, 2016, the District reported a liability of \$13,911,128 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District's proportion of the net pension liability was based on District's contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District's proportion was .0909%, which was an increase of .0034% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016 the District recognized pension expense of \$1,382,675. At June 30, 2016, the District 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	\$ 183,698	\$ (580)
Changes of assumptions or other inputs	\$ -	\$ (196,589)
Net difference between projected and actual earnings on pension plan	\$ 1,182,835	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ 84,644
Contributions subsequent to the measurement date	\$ 360,381	\$ -
Total	\$ 1,726,914	\$ (112,525)

\$360,381 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**

**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:	
2017	\$ (290,142)
2018	(332,478)
2019	(388,836)
2020	(242,552)
Total	\$ (1,254,008)

*Actuarial assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increase, including wage inflation	3.90-10.10%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50%
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, 2013 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, 2016

**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, presented to the PERA Board on November 15, 2013, 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	26.76%	5.00%
U.S Equity - Small Cap	4.40%	5.19%
Non U.S. Equity - Developed	22.06%	5.29%
Non U.S. Equity - Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
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 7.50%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and 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.

# CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016

### **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 those assumptions, 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 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. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension asset (liability)	\$ (18,032,888)	\$(13,911,128)	\$(10,482,593)

*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).

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

#### Voluntary Investment Program

*Plan Description* - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at [www.copera.org/investments/pera-financial-reports](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 District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2016 program members contributed \$97,317.

# CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016

### NOTE 7: OTHER POST-EMPLOYMENT BENEFITS

#### Health Care Trust Fund

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

*Funding Policy* – The District 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 District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015 and 2014 each of the two preceding, the District contributions to the HCTF were \$37,149, \$35,503, and \$33,950, respectively, equal to their required contributions for each year.

### NOTE 8: LONG-TERM OBLIGATIONS

A summary of changes in long term obligations for the year ended June 30, 2016:

	Balance 6/30/15	Additions	Deletions	Balance 6/30/16	Current Portion	Interest Expense
<b><u>Capital Leases Payable:</u></b>						
Sungard Software Lease	\$ 429,431	\$ -	\$ 210,149	\$ 219,282	\$ 219,282	\$ 19,766
Vehicle Lease	31,038	-	8,400	22,638	8,768	1,170
2020 Clubhouse Lease	734,904	-	103,792	631,112	107,049	20,972
Greeley Copier Lease	8,064	-	5,004	3,060	3,060	348
Total Capital Leases Payable	1,203,437	-	327,345	876,092	338,159	42,256
PERA Net Pension Liability	11,870,480	2,040,648	-	13,911,128	-	-
Accrued Compensated Absences	140,171	-	33,821	106,350	-	-
<b>Total Long Term Obligations</b>	<b><u>\$13,214,088</u></b>	<b><u>\$2,040,648</u></b>	<b><u>\$ 361,166</u></b>	<b><u>\$14,893,570</u></b>	<b><u>\$ 338,159</u></b>	<b><u>\$ 42,256</u></b>

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

**CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**

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

**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%.

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%.

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.

The future minimum capital lease payments at June 30, 2016, are as follows:

<u>Year</u>	<u>Amount</u>
2017	363,836
2018	134,335
2019	129,541
2020	124,765
2021	124,765
2022	62,382
Total Future Minimum Lease Payments	939,624
Less: Interest Portion	(63,532)
<b>Present Value of Future Minimum Lease Payments</b>	<b><u>\$ 876,092</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.

## CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2016

#### **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, 2016, 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 districts 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 district 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><b>6/30/16</b></u>	<u><b>6/30/15</b></u>	<u><b>6/30/14</b></u>
BOCES' proportion of the net pension asset (liability)	0.090956%	0.087583%	0.091667%
BOCES' proportionate share of the net pension asset (liability)	\$ (13,911,128)	\$ (11,870,480)	\$ (11,692,101)
BOCES' covered-employee payroll	\$ 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	-350.95%	-323.52%	-316.40%
Plan fiduciary net position as a percentage of the total pension liability	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>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
Contractually required contributions	\$ 686,936	\$ 602,835	\$ 573,894
Actual contributions	<u>\$ (686,936)</u>	<u>(602,835)</u>	<u>(573,894)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES' covered-employee payroll	\$ 3,963,856	\$ 3,669,112	\$ 3,695,389
Contributions as a percentage of covered-employee payroll	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, 2016**  
**(With Comparative Totals for the Year Ended June 30, 2015)**

	<b>2016</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	<b>2015 Actual</b>
<b>REVENUES</b>					
<b>Local Sources</b>					
Tuition From Individuals	\$ 88,400	\$ 88,400	\$ 122,870	\$ 34,470	\$ 141,760
BOCES Assessments	2,227,353	2,324,383	2,519,757	195,374	2,266,526
Investment Earnings	1,800	1,800	5,457	3,657	1,875
Community Service Revenue	70,488	70,488	73,720	3,232	70,488
Rent Revenue	5,000	5,000	22,650	17,650	65,229
Donations	6,500	12,500	13,700	1,200	16,391
Other Local BOCES Services Flowthrough	296,071	296,071	324,619	28,548	334,932
Services Provided - Other AU	52,662	52,662	46,045	(6,617)	66,576
Overhead Cost Revenue	128,350	128,350	144,232	15,882	142,850
Indirect Cost Revenue	403,000	403,000	430,062	27,062	422,458
Other Local	208,143	325,838	129,135	(196,703)	174,706
Total Local Sources	<u>3,487,767</u>	<u>3,708,492</u>	<u>3,832,247</u>	<u>123,755</u>	<u>3,703,791</u>
<b>Intermediate Sources</b>					
Mineral Leases	-	-	671	671	1,872
<b>State Sources</b>					
State Grants from CDE					
State ECEA	1,518,349	1,518,349	1,726,002	207,653	1,686,794
State Gifted and Talented	202,264	211,960	211,960	-	212,408
BOCES Grant Writing	84,834	86,571	86,571	-	117,322
State Ed Priorities	223,265	278,742	278,742	-	277,639
CPR and AED Training Grant	-	9,660	9,660	-	7,540
Gifted and Talented Universal Screening	-	53,651	53,651	-	29,188
Other CDE State Grants	20,000	20,000	-	(20,000)	-
Total State Sources	<u>2,048,712</u>	<u>2,178,933</u>	<u>2,366,586</u>	<u>187,653</u>	<u>2,330,891</u>
<b>Federal Sources</b>					
Federal Grants from CDE					
NCLB Title I, Part A - Improving Basic Programs	797,469	839,754	824,801	(14,953)	818,735
NCLB Title I, Part C - Migrant Education	2,264,226	2,322,726	2,268,855	(53,871)	2,222,538
IDEA Part B - Special Education	1,316,892	1,316,892	1,348,049	31,157	1,334,847
IDEA Part B - Special Education Preschool	34,277	34,277	33,685	(592)	41,355
NCLB Title III, Part A - English Language Acquisition	80,224	82,461	78,197	(4,264)	76,128
NCLB Title II, Part A - Teacher & Principal Training	171,555	196,843	138,669	(58,174)	158,962
NCLB Title I, Part A - Competitive	-	64,111	64,111	-	-
IDEA Part B - Special Education Supplemental	-	1,832	1,832	-	-
CO SEM Grant	139,894	248,790	117,857	(130,933)	-
NCLB Title X - Homeless Education	41,000	39,770	39,770	-	41,672
Stem Grant	-	6,729	6,729	-	62,060
NCLB Title III, Part A - English Language Set Aside	-	-	-	-	2,972
Federal Grants from Other State Agencies					
Carl Perkins Vocational Education	121,029	116,800	110,466	(6,334)	107,223
School to Work Alliance Program	464,966	464,966	461,990	(2,976)	434,363
JAG Grant	-	-	-	-	28,890
Total Federal Sources	<u>5,431,532</u>	<u>5,735,951</u>	<u>5,495,011</u>	<u>(240,940)</u>	<u>5,329,745</u>
<b>TOTAL REVENUES</b>	<u>10,968,011</u>	<u>11,623,376</u>	<u>11,694,515</u>	<u>71,139</u>	<u>11,366,299</u>

(Continued)

See the accompanying Independent Auditors' Report

**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, 2016**  
**(With Comparative Totals for the Year Ended June 30, 2015)**

	<b>2016</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	<b>2015 Actual</b>
(Continued)					
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries	730,500	790,276	802,510	(12,234)	800,259
Benefits	259,685	284,357	279,315	5,042	272,591
PS - Professional	-	-	2,944	(2,944)	12,600
PS - Other	1,426,917	1,599,292	1,737,247	(137,955)	1,604,883
Supplies	7,350	6,850	10,519	(3,669)	15,002
Property	5,000	410	410	-	1,893
Other Expenses	100	100	106	(6)	99
Total Instruction	<u>2,429,552</u>	<u>2,681,285</u>	<u>2,833,051</u>	<u>(151,766)</u>	<u>2,707,327</u>
<b>Supporting Services</b>					
<b>Pupil Support</b>					
Salaries	1,310,124	1,330,854	1,279,248	51,606	1,265,470
Benefits	481,972	481,392	436,588	44,804	421,446
PS - Professional	182,401	184,811	244,567	(59,756)	206,063
PS - Property	31,600	33,700	33,254	446	29,480
PS - Other	888,745	842,990	866,896	(23,906)	843,178
Supplies	77,875	89,315	92,879	(3,564)	122,544
Property	2,000	2,399	797	1,602	9,977
Other Expenses	1,809	2,693	7,736	(5,043)	7,796
Total Pupil Support	<u>2,976,526</u>	<u>2,968,154</u>	<u>2,961,965</u>	<u>6,189</u>	<u>2,905,954</u>
<b>Staff Support</b>					
Salaries	569,134	632,035	620,348	11,687	579,323
Benefits	164,810	183,517	174,204	9,313	161,832
PS - Professional	390,352	462,134	377,425	84,709	405,727
PS - Property	2,300	2,300	1,918	382	1,013
PS - Other	1,042,083	1,151,400	960,312	191,088	970,896
Supplies	143,185	164,706	161,732	2,974	144,930
Property	8,250	15,000	4,510	10,490	1,930
Other Expenses	86,068	85,318	84,867	451	78,995
Total Staff Support	<u>2,406,182</u>	<u>2,696,410</u>	<u>2,385,316</u>	<u>311,094</u>	<u>2,344,646</u>
<b>General Administration</b>					
Salaries	153,638	154,338	162,532	(8,194)	169,990
Benefits	48,631	48,757	52,770	(4,013)	57,644
PS - Professional	52,605	52,605	34,959	17,646	34,399
PS - Property	17,500	17,500	17,760	(260)	15,717
PS - Other	38,450	38,450	32,665	5,785	28,773
Supplies	11,945	11,945	13,742	(1,797)	11,412
Property	62,000	62,000	2,579	59,421	5,573
Other Expenses	90,067	98,007	83,580	14,427	86,334
Total General Administration	<u>474,836</u>	<u>483,602</u>	<u>400,587</u>	<u>83,015</u>	<u>409,842</u>
<b>School Administration</b>					
Salaries	59,850	59,850	60,330	(480)	58,306
Benefits	19,424	19,424	18,709	715	17,548
Total School Administration	<u>79,274</u>	<u>79,274</u>	<u>79,039</u>	<u>235</u>	<u>75,854</u>

(Continued)

See the accompanying Independent Auditors' Report

**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, 2016**  
**(With Comparative Totals for the Year Ended June 30, 2015)**

	<b>2016</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	<b>2015 Actual</b>
(Continued)					
<b>EXPENDITURES (Continued)</b>					
<b>Supporting Services (Continued)</b>					
<b>Business Services</b>					
Salaries	317,463	317,542	317,275	267	254,088
Benefits	94,758	94,778	96,721	(1,943)	74,337
PS - Other	8,000	13,000	13,000	-	5,000
Total Business Services	420,221	425,320	426,996	(1,676)	333,425
<b>Operations and Maintenance</b>					
Salaries	-	-	664	(664)	218
Benefits	-	-	138	(138)	43
PS - Professional	-	-	90	(90)	145
PS - Property	65,456	65,456	83,619	(18,163)	77,273
PS - Other	1,950	1,950	3,027	(1,077)	28,344
Supplies	46,200	46,200	55,345	(9,145)	44,712
Other Expenses	596,398	538,625	551,354	(12,729)	538,330
Total Operations and Maintenance	710,004	652,231	694,237	(42,006)	689,065
<b>Other Central Support</b>					
Salaries	589,979	608,564	595,626	12,938	578,426
Benefits	180,057	179,890	174,770	5,120	156,395
PS - Professional	127,210	160,718	133,848	26,870	144,171
PS - Property	3,500	7,800	5,682	2,118	1,724
PS - Other	21,039	79,164	72,071	7,093	73,524
Supplies	39,983	42,483	39,241	3,242	51,051
Property	6,400	9,600	6,665	2,935	19,097
Other Expenses	17,263	79,565	79,014	551	77,888
Total Other Central Support	985,431	1,167,784	1,106,917	60,867	1,102,276
<b>Risk Management</b>					
PS - Other	49,100	49,100	56,772	(7,672)	58,138
<b>Community Support</b>					
Salaries	116,248	126,248	133,085	(6,837)	111,730
Benefits	46,561	47,186	48,064	(878)	41,018
PS - Professional	5,000	3,500	3,500	-	3,500
PS - Property	500	-	-	-	-
PS - Other	40,000	10,901	12,236	(1,335)	10,828
Supplies	10,085	13,200	14,207	(1,007)	10,322
Other Expenses	1,000	-	155	(155)	225
Total Community Support	219,394	201,035	211,247	(10,212)	177,623
<b>Other Uses</b>					
Up-Front Grant Match	167,892	181,970	181,970	-	167,973
<b>Debt Service</b>					
Principal	351,142	351,142	351,144	2	314,897
Interest	-	-	-	-	51,169
Total Debt Service	351,142	351,142	351,144	2	366,066
<b>Contingency</b>	250,000	250,000	-	250,000	-
<b>TOTAL EXPENDITURES</b>	<b>11,519,554</b>	<b>12,187,307</b>	<b>11,689,241</b>	<b>498,070</b>	<b>11,338,189</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(551,543)</b>	<b>(563,931)</b>	<b>5,274</b>	<b>569,209</b>	<b>28,110</b>
<b>BEGINNING FUND BALANCE</b>	<b>551,543</b>	<b>563,931</b>	<b>1,943,953</b>	<b>1,380,022</b>	<b>1,915,843</b>
<b>ENDING FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,949,227</b>	<b>\$ 1,949,227</b>	<b>\$ 1,943,953</b>

See accompanying Independent Auditors' Report.



## **STATE COMPLIANCE**



Colorado Department of Education

Auditors Integrity Report

District: 9035 - CENTENNIAL BOCES

Fiscal Year 2015-16

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	1,943,953	11,694,514	11,689,240	1,949,227
18	Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19	Colorado Preschool Program Fund	0	0	0	0
Sub- Total		1,943,953	11,694,514	11,689,240	1,949,227
11	Charter School Fund	0	0	0	0
20,26-29	Special Revenue 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
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

\*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.



Colorado Department of Education

Bolded Balance Sheet Report

District: 9035 - CENTENNIAL BOCES

Fiscal Year 2015-16

Colorado School District/BOCES

ASSETS	Governmental						Proprietary				Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	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)	1,292,914	0	0	0	0	0	0	0	0	0	0	0	1,292,914
Grants Accounts Receivable (8142)	1,181,330	0	0	0	0	0	0	0	0	0	0	0	1,181,330
Other Receivables (8151-8154,8161)	187,799	0	0	0	0	0	0	0	0	0	0	0	187,799
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	2,662,044	0	0	0	0	0	0	0	0	0	0	0	2,662,044

[illegible]

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	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
Restricted Fund Balance 6720	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
TABOR Multi-Year 6722	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
Colorado Preschool Program (CPP) Reserve 6724	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
Risk-Related / Restricted Capital Reserve 6726	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
Committed Fund Balance 6750	519,253	0	0	0	0	0	0	0	0	0	0	0	519,253
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	1,429,974	0	0	0	0	0	0	0	0	0	0	0	1,429,974
Invested in Capital Assets, Net of Related Debt 6790	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
Unrestricted Net Assets 6792	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
Total Fund Equity	1,949,227	0	0	0	0	0	0	0	0	0	0	0	1,949,227

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	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	2,662,044	0	0	0	0	0	0	0	0	0	0	0	2,662,044

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	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