

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

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended
June 30, 2018**

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GREELEY, COLORADO

ROSTER OF OFFICIALS
June 30, 2018

BOARD OF DIRECTORS

BOARD MEMBER

DISTRICT

Pat Loyd	Pawnee, RE-12
Connie Weingarten	Morgan, RE-3
Jane Johnson	Platte Valley, RE-7
Brandy Hansen	Brush, RE-2J
Mary Clawson	Ault/Highland, RE-9
Vacant	Weldon Valley, RE-20J
Nancy Sarchet	Weld, RE-1
Alphretta Erdmann	Briggsdale, RE-10J
Scott Stump	Prairie, RE-11J
Laura Case	Estes Park, R-3
Paula Peairs	St. Vrain Valley, RE-1J
Sara Kopetzky	Wiggins, RE-50J
Lynette St. Jean	Eaton, RE-2
Riste Capps	RE-1 Valley

TABLE OF CONTENTS

INTRODUCTORY SECTION

Title Page
Roster of Officials
Table of Contents

FINANCIAL SECTION

PAGE

Management's Discussion and Analysis (Unaudited) - Required Supplementary Information	M1 - M5
Independent Auditors' Report	1 - 2
Basic Financial Statements	
<u>Government-wide Financial Statements</u>	
Statement of Net Position	3
Statement of Activities	4
<u>Fund Financial Statements</u>	
Balance Sheet – Governmental Funds	5
Reconciliation of Governmental Fund Balances to Governmental Activities Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	7
Reconciliation of Governmental Changes in Fund Balance to Governmental Activities Change in Net Position	8
Notes to Financial Statements	9 - 37
Required Supplementary Information (Unaudited)	
Schedule of BOCES' Proportionate Share of the Net Pension Liability	38
Schedule of BOCES Contributions – PERA Pension Plan	39
Schedule of BOCES' Proportionate Share of the Net OPEB Liability	40
Schedule of BOCES Contributions – OPEB – PERA Health Care Trust Fund	41
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Governmental Funds	42 – 44

STATE COMPLIANCE

Auditors Integrity Report	45
Bolded Balance Sheet Report	46 - 48

INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

INTENTIONALLY LEFT BLANK

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2018

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, 2018. The intent of this discussion and analysis is to look at the BOCES' financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, and budgetary comparison schedules to broaden their understanding of the BOCES financial performance.

Financial Highlights

As a result of the implementation of GASB 68 during the year ended June 30, 2015, the BOCES' net position statement changed significantly from previous years. The total net position changed from -\$12,136,432 at the end of the June 30, 2017 to -\$18,026,650 as of June 30, 2018. The share of Colorado PERA's net pension liability for Centennial BOCES increased during the fiscal year causing the greatest impact on the Statement of Net Position found on page 3.

The BOCES fund balance in the General Fund of \$2,112,487 is an increase of \$6,223 over the prior fiscal year. The fund balance represents 16.5% of the actual expenditures for the fiscal year ended June 30, 2018. There were no significant factors in the fund balance increase and was based primarily on positive project balances in Innovative Education Services during the fiscal year. During the fiscal year new lighting was installed in both buildings on Clubhouse Drive in Greeley. Utilizing a five year lease agreement, the monthly cost is expected to be offset by a reduction in the monthly electricity bills.

Federal Migrant Education revenues account for \$2,017,223 or 16.5% of total governmental revenue for the year ending June 30, 2018. Federal Special Education IDEA Part B revenues account for \$1,463,673 or 12.0% of total governmental revenue. Title I revenues account for \$1,204,987 or 9.9% of total governmental revenue. Total federal sources of revenues were \$658,887 higher for the year ending June 30, 2018 compared to June 30, 2017. The main change in federal sources was in Title I, Part A which increased \$497,223 with the inclusion of RE-1 Valley during the fiscal year.

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, 2018, Centennial BOCES had a positive change in the fund balance. The fund balance increased \$6,223 over the prior year. At the end of the current fiscal year, total assets of the BOCES increased to \$6,376,734 compared to \$5,848,847, which is an increase of \$527,887 from the prior year. The change is represented by a decrease in cash and investments of \$199,602 and an increase in receivables of \$447,030 and capital assets of \$280,459. The change in liabilities is highlighted by the increase of \$3,765,613 in the net pension liability from PERA in non-current liabilities, representing a total increase in liabilities of \$4,006,818.

Government-Wide Financial Statements

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

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

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

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

TABLE I – CONDENSED SUMMARY OF NET POSITION

	2018	2017
<u>Assets:</u>		
Current Assets	\$3,084,166	\$2,836,738
Capital Assets – Net	\$3,292,568	\$3,012,109
Deferred Outflows of Resources	\$9,694,994	\$10,532,184
Capital Assets & Deferred Outflows of Financial Resources	\$16,071,728	\$16,381,031
<u>Liabilities:</u>		
Current Liabilities	\$ 931,494	\$ 690,289
Non-current Liabilities	\$31,286,219	\$27,520,606
Deferred Inflows of Resources	\$ 1,880,665	\$ 306,568
Total Liabilities & Deferred Inflows of Financial Resources	\$34,098,378	\$28,517,463
<u>Net Position:</u>		
Net Invested in Capital Assets	\$ 2,814,403	\$2,474,177
Unrestricted Net Position	\$(20,841,053)	\$(14,610,609)
Total Net Position(Deficit)	\$(18,026,650)	\$(12,136,432)
Total Liabilities, Deferred Outflows and Net Position	\$16,071,728	\$16,381,031

The most significant changes in governmental activities were a decrease in deferred outflows of resources of \$837,190, and an increase in non-current liabilities of \$3,765,613. The significant increase in non-current liabilities was primarily due to the updated Centennial BOCES' share of the net pension liability from PERA into the financial statements per GASB 68 requirement.

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

TABLE 2 – CONDENSED STATEMENT OF ACTIVITIES

	2018	2017
Program Revenues:		
Charges for Services	\$4,114,213	\$4,132,011
Operating Grants	<u>\$7,982,247</u>	<u>\$7,353,172</u>
Total Program Revenues	<u>\$12,096,460</u>	<u>\$11,485,183</u>
General Revenues:		
Investment Earnings	\$ 28,652	\$ 15,389
Gain (Loss) on Capital Asset		
Debt Proceeds	\$ 62,500	\$ -
Miscellaneous Revenues	<u>\$ 72,146</u>	<u>\$ 80,722</u>
Total General Revenues	<u>\$ 163,298</u>	<u>\$ 96,111</u>
Total Revenues	<u>\$12,259,758</u>	<u>\$11,581,294</u>
Expenses:		
Instruction	\$ 5,079,566	\$ 4,239,184
Supporting Services	<u>\$12,428,182</u>	<u>\$11,428,967</u>
Total Expenses	\$ 17,507,748	\$15,668,151
Change in Net Position	<u>\$ (5,247,990)</u>	<u>\$ (4,086,857)</u>
Net Position - Beginning	\$ (12,136,432)	\$ (7,571,016)
Prior Period Restatement	<u>\$ (642,228)</u>	<u>\$ (478,559)</u>
	=	
Net Position - Beginning (Restated)	<u>\$ (12,778,660)</u>	<u>\$ (8,049,575)</u>
Net Position Ending	<u>(\$18,026,650)</u>	<u>(\$12,136,432)</u>

The increase in governmental activity total revenues of \$611,277 is attributable to the increase in grant revenues of \$629,075 and a decrease of charges for services of \$17,798. The increases in total expenditures of \$2,419,325 are primarily attributable to the increase in supporting services expenses. There were no major decreases in grant funding during the 2018 fiscal year. The largest increase in grant funding was in Title I, Improving Basic Programs grant of \$497,223.

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, 2018, the BOCES' general fund reported a fund balance of \$2,112,487, which is an increase of \$6,223 from the June 30, 2017 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 \$1,862,487 and a committed fund balance of \$250,000.

Capital Assets

As of June 30, 2018, the BOCES had \$2,896,082 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 \$116,027. A summary of the BOCES' Capital Assets is as follows:

TABLE 3 – SUMMARY OF CAPITAL ASSETS

	<u>Balance</u> <u>06/30/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/18</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land and Easements	\$ 396,466	-	-	\$ 396,466
Capital Assets, Being Depreciated				
Buildings & Improvements	\$3,280,165	43,637	-	\$3,323,802
Machinery and Equipment	<u>\$2,355,151</u>	<u>117,265</u>	<u>-</u>	<u>\$2,472,416</u>
Total Capital Assets	<u>\$6,031,782</u>	<u>\$ 160,902</u>	<u>\$ -</u>	<u>\$6,192,684</u>
Less Accumulated Depreciation: Buildings and Improvements	\$(974,775)	\$(68,886)	-	\$(1,043,661)
Less Accumulated Depreciation: Machinery and Equipment	<u>\$(2,044,898)</u>	<u>\$(208,043)</u>	<u>\$ -</u>	<u>\$(2,252,941)</u>
Total Accumulated Depreciation	<u>\$(3,019,673)</u>	<u>\$(276,929)</u>	<u>\$ -</u>	<u>\$(3,296,602)</u>
Net Capital Assets	<u>\$3,012,109</u>	<u>\$(116,027)</u>	<u>\$ -</u>	<u>\$2,896,082</u>

The BOCES decreased net capital assets by \$116,027. The change was due to an increase in total accumulated depreciation. The change in net capital assets included additions in Building Improvements of \$43,637 and \$117,265 in Machinery and Equipment. There were no equipment deletions for the fiscal year. The BOCES' policy is to capitalize and inventory annually capital assets with a unit value of or greater than \$5,000 and an estimated useful life of or greater than one year.

Debt Administration

As of June 30, 2018, the BOCES had total outstanding long-term debt as follows:

TABLE 4 – SCHEDULE OF NONCURRENT LIABILITIES

	Restated Balance 6/30/17	Additions	Deletions	Balance 6/30/18	Current Portion	Interest Expense
Capital Leases Payable:						
Sungard Software Lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Lease	13,870	-	9,153	4,717	4,717	417
2020 Clubhouse Lease	524,062	-	110,351	413,711	113,755	14,413
Greeley Lighting Lease	-	62,500	2,763	59,737	11,410	781
Total Capital Leases Payable	537,932	62,500	122,267	478,165	129,882	15,611
PERA Net OPEB Liability	663,892	20,018	-	683,910	-	-
PERA Net Pension Liability	26,821,674	3,127,895	-	29,949,569	-	-
Accrued Compensated Absences	120,815	13,575	-	134,390	-	-
Total Long Term Obligations	\$ 28,144,313	\$ 3,223,988	\$ 122,267	\$ 31,246,034	\$ 129,882	\$ 15,611

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 33.

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 \$894,570 over the original budget due to an increase in several projects, including two specific funding project sources – Title I, Part Grant project of \$496,787 and the Alternative Licensure Program project of \$112,400. Actual expenditures for the year were \$550,013 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 2018-2019 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 fourteen districts within the BOCES. Overall, the original adopted BOCES' budget for 2018-2019 is \$12,713,036 or \$90,513 less than the final budget for 2017-2018. The main decreases are in the Innovative Education Services budgets of \$116,268, and the Federal Program budgets of 194,590. Special Education budgets increased \$289,478 over the final 2017-18 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

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, 2018, 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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 6, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the 2017 financial statements have been restated to reflect the adoption of GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of the standard required restatement of the beginning June 30, 2018 fiscal year net position. Our opinion is not modified with respect to this matter.

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 36 - 39 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 40-42 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 43 -46 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 12, 2018 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.



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, 2018

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Assets	
Cash and Investments	\$ 1,679,373
Grants Receivable	1,341,370
Other Accounts Receivable	63,423
Capital Assets, not being depreciated	396,466
Capital Assets, being depreciated	<u>2,896,102</u>
Total Assets	<u>6,376,734</u>
Deferred Outflows of Financial Resources	
Net Pension Deferred Outflows	9,654,266
Net OPEB Deferred Outflows	<u>40,728</u>
Total Deferred Outflows of Financial Resources	<u>9,694,994</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>\$ 16,071,728</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
Liabilities	
Accounts Payable	611,155
Accrued Salaries & Benefits	318,585
Payroll Taxes & Deductions Payable	1,754
Non-Current Liabilities	
Due Within One Year	129,882
Due In More Than One Year	<u>31,156,337</u>
Total Liabilities	<u>32,217,713</u>
Deferred Inflows of Financial Resources	
Net Pension Deferred Inflows	1,869,223
Net OPEB Deferred Inflows	<u>11,442</u>
Total Deferred Inflows of Financial Resources	<u>1,880,665</u>
Net Position	
Net Investment in Capital Assets	2,814,403
Unrestricted Net Position	<u>(20,841,053)</u>
Total Net Position	<u>(18,026,650)</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS AND NET POSITION	<u>\$ 16,071,728</u>

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, 2018

	<u>Totals</u>	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and Investments	\$ 1,679,373	\$ 1,878,975
Grants Receivable	1,341,370	862,276
Other Accounts Receivable	63,423	95,487
TOTAL ASSETS	<u>\$ 3,084,166</u>	<u>\$ 2,836,738</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 611,155	\$ 394,141
Accrued Salaries & Benefits	318,585	296,148
Payroll Taxes & Deductions Payable	1,754	-
Other Liabilities	40,185	40,185
Total Liabilities	<u>971,679</u>	<u>730,474</u>
Fund Balance		
Committed Fund Balance		
Committed as Budgetary Reserve	250,000	250,000
Unassigned Fund Balance	1,862,487	1,856,264
Total Fund Balance	<u>2,112,487</u>	<u>2,106,264</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 3,084,166</u>	<u>\$ 2,836,738</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, 2018**

Fund Balance - Governmental Funds	\$	2,112,487
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		6,192,684
Accumulated depreciation		(3,296,582)
Certain long-term pension and OPEB related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds		
Pension Liability		
Net pension deferred outflows		9,654,266
Net pension liability		(29,949,569)
Net pension deferred inflows		(1,869,223)
OPEB Liability		
Net OPEB deferred outflows		40,728
Net OPEB liability		(683,910)
Net OPEB deferred inflows		(11,442)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Capital leases payable		(478,165)
Accrued compensated absences		<u>(134,390)</u>
Total Net Position - Governmental Activities	\$	<u><u>(18,026,650)</u></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, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	<u>Totals</u>	
	<u>2018</u>	<u>2017</u>
REVENUES		
Local Sources	\$ 4,221,561	\$ 4,241,622
Intermediate Sources	498	1,217
State Sources	2,749,240	2,771,383
Federal Sources	5,225,959	4,567,072
TOTAL REVENUES	<u>12,197,258</u>	<u>11,581,294</u>
EXPENDITURES		
Instruction	3,655,423	3,123,322
Pupil Support	3,088,124	2,890,394
Staff Support	1,858,455	1,870,192
General Administration	418,633	407,006
School Administration	83,187	89,474
Business Services	375,395	381,018
Operations and Maintenance	855,145	720,433
Other Central Support	1,287,997	1,108,797
Risk Management	45,196	46,905
Community Support	191,936	175,747
Other Uses	265,735	259,825
Debt Service	128,309	351,144
TOTAL EXPENDITURES	<u>12,253,535</u>	<u>11,424,257</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(56,277)	157,037
OTHER FINANCING SOURCES (USES)		
Debt Proceeds	62,500	-
CHANGE IN FUND BALANCE	6,223	157,037
BEGINNING FUND BALANCE	<u>2,106,264</u>	<u>1,949,227</u>
ENDING FUND BALANCE	<u>\$ 2,112,487</u>	<u>\$ 2,106,264</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, 2018**

Change in Fund Balance - Governmental Funds	\$	6,223
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level		
Capitalized Asset Purchases		557,368
Depreciation Expense		(276,909)
Pension and OPEB 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.		
Pension Liability		
Current year change and amortization of deferred outflows - net		(877,918)
Change in net pension liability		(3,127,895)
Current year change and amortization of deferred inflows - net		(1,562,655)
OPEB Liability		
Current year change and amortization of deferred outflows - net		19,064
Change in OPEB liability		(20,018)
Current year change and amortization of deferred inflows - net		(11,442)
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		59,767
Change in accrued compensated absences		(13,575)
Total Net Position - Governmental Activities	\$	<u>(5,247,990)</u>

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Basis of Presentation

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The BOCES reports the following major governmental fund:

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the BOCES gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

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

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Governmental Fund Financial Statements (Continued)

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

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

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

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

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

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has several items that qualify for reporting in this category, all related to outstanding pension and OPEB obligations and further described in Notes 5 and 7..

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The BOCES reports deferred inflows for pension and OPEB related amounts as further described in Notes 5 and 7.

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

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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, 2018

NOTE 2: CASH AND INVESTMENTS

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

Cash and Investments

Petty Cash	\$	400
Deposits		86,950
Investments		<u>1,592,023</u>
Total Cash and Investments		<u>\$1,679,373</u>

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, 2018, State regulatory commissioners have indicated that all financial institutions holding deposits for the BOCES are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. Deposits are categorized by type of credit risk: (1) Insured or collateralized with securities held by the entity or by its agent in the entity's name. (2) Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. (3) Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.

Investments

The 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.

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

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, 2018, 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.

NOTE 3: CAPITAL ASSETS

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

A summary of changes in capital assets is as follows:

	<u>Balance</u>				<u>Balance</u>
	<u>06/30/17</u>	<u>Additions</u>	<u>Deletions</u>		<u>06/30/18</u>
Governmental Activities:					
Capital Assets, not being depreciated:					
Land and Easements	\$ 396,466	\$ -	\$ -		\$ 396,466
Capital Assets, being depreciated:					
Buildings and Improvements	3,280,165	43,637	-		3,323,802
Machinery and Equipment	<u>2,355,151</u>	<u>117,265</u>	<u>-</u>		<u>2,472,416</u>
Total Capital Assets	<u>6,031,782</u>	<u>160,902</u>	<u>-</u>		<u>6,192,684</u>
Accumulated Depreciation:					
Buildings and Improvements	(974,775)	(68,886)	-		(1,043,661)
Machinery and Equipment	<u>(2,044,898)</u>	<u>(208,043)</u>	<u>-</u>		<u>(2,252,941)</u>
Total Accum. Depreciation	<u>(3,019,673)</u>	<u>(276,929)</u>	<u>-</u>		<u>(3,296,602)</u>
Net Governmental Capital Assets	<u>\$ 3,012,109</u>	<u>\$ (116,027)</u>	<u>\$ -</u>		<u>\$ 2,896,082</u>

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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, 2018, are \$318,585. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

NOTE 5: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

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

General Information about the Pension Plan

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Benefits provided as of December 31, 2017. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the SCHDTF.

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

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contribution provisions as of June 30, 2018. Eligible employees and the BOCES are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

January 1st through December 31st	2014¹	2015¹	2016¹	2017¹
Employer contribution rate	10.15%	10.15%	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	3.80%	4.20%	4.50%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	3.50%	4.00%	4.50%	5.00%
Total employer contribution rate to the SCHDTF	16.43%	17.33%	18.13%	18.63%

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from BOCES were \$795,946 for the plan year ended December 31, 2017 and \$816,025 for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the BOCES reported a liability of \$9,857,555 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The BOCES' proportion of the net pension liability was based on BOCES' contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the BOCES' proportion was .09262%, which was a decrease of .00253% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018 the BOCES recognized pension expense of \$6,495,030. At June 30, 2018, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 546,110	\$ -
Changes of assumptions or other inputs	\$ 7,501,540	\$ (47,659)
Net difference between projected and actual earnings on pension plan	\$ 580,190	\$ (1,769,883)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 611,754	\$ (51,681)
Contributions subsequent to the measurement date	\$ 414,672	\$ -
Total	\$ 9,654,266	\$ (1,869,223)

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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)

\$414,672 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Fiscal Year Totals
2019	4,868,993
2020	2,828,811
2021	115,038
2022	(442,471)
Total	\$ 7,370,371

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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)

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

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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)

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

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

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

Based on the above assumptions and methods, the GASB Statement No. 67 projections test indicates that the SCHDTF’s fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on or after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78%.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.48 percent higher compared to the current measurement date.

Sensitivity of the BOCES’ proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78%) or 1-percentage-point higher (5.78%) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension asset (liability)	\$ (37,831,399)	\$ (29,949,569)	\$ (23,526,777)

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

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

At June 30, 2018, the BOCES reported a liability of \$29,949,569 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the BOCES proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$13,530,956

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$13,980,646 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 6: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The BOCES does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the fiscal year ended June 30, 2018 program members contributed \$98,107.

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Summary of Significant Accounting Policies

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan

Plan Description.

Eligible employees of the BOCES are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

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

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from BOCES, were \$43,578, for the year ended December 31, 2017 and \$44,084 for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the BOCES reported a liability of \$683,910 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The BOCES' proportion of the net OPEB liability was based on BOCES' contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the BOCES' proportion was 0.052625%, which was an increase of .001419% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the BOCES recognized OPEB expense of \$44,084. At June 30, 2018, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 3,235	\$ -
Net difference between projected and actual earnings on pension plan	\$ -	\$ (11,442)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 15,383	\$ -
Contributions subsequent to the measurement date	\$ 22,110	\$ -
Total	\$ 40,728	\$ (11,442)

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

\$22,110 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Fiscal Year Totals
2019	\$ 797
2020	797
2021	797
2022	797
2023	3,658
2024	330
Total	\$ 7,176

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

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S Equity - Large Cap	21.20%	4.30%
U.S Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Discount Rate	1% Increase
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Proportionate share of the net OPEB asset (liability)	\$ (665,093)	\$ (683,910)	\$ (706,574)

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (768,930)	\$ (683,910)	\$ (611,343)

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

NOTE 8: LONG-TERM OBLIGATIONS

A summary of changes in long term obligations for the year ended June 30, 2018:

	Restated Balance 6/30/17	Additions	Deletions	Balance 6/30/18	Current Portion	Interest Expense
<u>Capital Leases Payable:</u>						
Sungard Software Lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Lease	13,870	-	9,153	4,717	4,717	417
2020 Clubhouse Lease	524,062	-	110,351	413,711	113,755	14,413
Greeley Lighting Lease	-	62,500	2,763	59,737	11,410	781
Total Capital Leases Payable	537,932	62,500	122,267	478,165	129,882	15,611
PERA Net OPEB Liability	663,892	20,018	-	683,910	-	-
PERA Net Pension Liability	26,821,674	3,127,895	-	29,949,569	-	-
Accrued Compensated Absences	120,815	13,575	-	134,390	-	-
Total Long Term Obligations	\$ 28,144,313	\$ 3,223,988	\$ 122,267	\$ 31,246,034	\$ 129,882	\$ 15,611

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 8: LONG-TERM OBLIGATIONS (Continued)

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

Capital Leases

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, 2018, are as follows:

Minimum Capital Lease Obligations

<u>Year</u>	<u>Amount</u>
2018	137,880
2019	143,720
2020	138,944
2021	138,944
2022	76,562
Total Future Minimum Lease Payments	636,050

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, 2018

NOTE 10: FACILITY USE AGREEMENT

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

NOTE 11: SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS

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, 2018, significant amounts of grant expenditures have not been audited by state and federal agencies, but the BOCES believes that disallowed expenditures, if any, based on subsequent state and federal audits will not have a material effect on any of the individual governmental funds or the overall financial position of the BOCES.

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

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

NOTE 12: PRIOR PERIOD RESTATEMENT

For the fiscal year, the District adopted GASB Statement Number 68 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement places a long-term obligation, as well as related deferred outflows and inflows, on the Statement of Net Position related to future postemployment benefit obligations. The District has restated the beginning net position for the governmental activities for those balances that were applicable as of June 30, 2017. This restatement resulted in a net decrease in governmental activity net position of \$642,228.

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⁽¹⁾**

	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/16</u>
BOCES' proportion of the net pension asset (liability)	0.092619%	0.090085%	0.090956%
BOCES' proportionate share of the net pension asset (liability)	\$ (29,949,569)	\$ (26,821,674)	\$ (13,911,128)
BOCES' covered-employee payroll	\$ 4,272,387	\$ 4,043,159	\$ 3,963,856
BOCES' proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	701.00%	663.38%	350.95%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.16%

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

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

See the accompanying Independent Auditors' Report.

<u>6/30/15</u>	<u>6/30/14</u>
0.087583%	0.091667%
\$ (11,870,480)	\$ (11,692,101)
\$ 3,669,112	\$ 3,695,389
323.52%	316.40%
62.84%	64.07%

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

SCHEDULE OF BOCES CONTRIBUTIONS

**PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/16</u>
Contractually required contributions	\$ 795,946	\$ 733,025	\$ 686,936
Actual contributions	<u>\$ (795,946)</u>	<u>\$ (733,025)</u>	<u>\$ (686,936)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES' covered-employee payroll	\$ 4,272,387	\$ 4,043,159	\$ 3,963,856
Contributions as a percentage of covered-employee payroll	18.63%	18.13%	17.33%

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

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

See the accompanying Independent Auditors' Report.

<u>6/30/15</u>	<u>6/30/14</u>
\$ 602,835	\$ 573,894
<u>(602,835)</u>	<u>(573,894)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 3,669,112	\$ 3,695,389
16.43%	15.53%

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

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

	<u>06/30/18</u>	<u>06/30/17</u>
BOCES' proportion of the net OPEB asset (liability)	0.052625%	0.051205%
BOCES' proportionate share of the net OPEB asset (liability)	\$ (683,910)	\$ (663,892)
BOCES' covered-employee payroll	\$ 4,272,316	\$ 4,043,159
BOCES' proportionate share of the net OPEB asset (liability) as a percentage of covered-employee payroll	16.01%	16.42%
Plan fiduciary net position as a percentage of the total pension liability	17.53%	16.70%

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

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

See the accompanying Independent Auditors' Report.

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

SCHEDULE OF BOCES CONTRIBUTIONS - OPEB

PERA Health Care Trust Fund

Last 10 Fiscal Years⁽¹⁾

	<u>06/30/18</u>	<u>06/30/17</u>
Contractually required contributions	\$ 43,578	\$ 41,240
Actual contributions	<u>(43,578)</u>	<u>(41,240)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
BOCES' covered-employee payroll	\$ 4,272,316	\$ 4,043,159
Contributions as a percentage of covered employee payroll	1.02%	1.02%

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

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

See the accompanying Independent Auditors' Report.

INTENTIONALLY LEFT BLANK

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, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2017 Actual
REVENUES					
Local Sources					
Tuition From Individuals	\$ 147,740	\$ 169,720	\$ 208,912	\$ 39,192	\$ 196,375
BOCES Assessments	2,321,294	2,428,947	2,905,222	476,275	2,865,654
Investment Earnings	6,000	6,000	28,652	22,652	15,389
Community Service Revenue	73,720	51,009	48,950	(2,059)	73,720
Rent Revenue	-	-	-	-	24,000
Donations	6,500	6,500	6,550	50	13,500
Other Local BOCES Services Flowthrough	368,910	344,910	338,739	(6,171)	325,991
Services Provided - Other AU	-	-	2,300	2,300	31,454
Overhead Cost Revenue	151,623	169,492	188,412	18,920	189,020
Indirect Cost Revenue	404,000	398,261	421,678	23,417	425,797
Other Local	612,418	646,418	72,146	(574,272)	80,722
Total Local Sources	<u>4,092,205</u>	<u>4,221,257</u>	<u>4,221,561</u>	<u>304</u>	<u>4,241,622</u>
Intermediate Sources					
Mineral Leases	-	-	498	498	1,217
State Sources					
State Grants from CDE					
State ECEA	1,571,086	1,498,022	1,666,145	168,123	1,716,849
State Gifted and Talented	206,037	212,391	212,391	-	206,037
BOCES Grant Writing	20,190	21,070	21,070	-	21,070
State Ed Priorities	325,060	325,060	281,493	(43,567)	280,015
Gifted and Talented Universal Screening	38,073	38,073	31,536	(6,537)	38,073
SWAP	550,000	550,000	536,605	(13,395)	501,120
Other Agency State Grants	-	-	-	-	8,219
Total State Sources	<u>2,710,446</u>	<u>2,644,616</u>	<u>2,749,240</u>	<u>104,624</u>	<u>2,771,383</u>
Federal Sources					
Federal Grants from CDE					
NCLB Title I, Part A - Improving Basic Programs	704,187	1,200,974	1,175,005	(25,969)	677,782
NCLB Title I, Part C - Migrant Education	2,069,186	2,104,786	2,017,223	(87,563)	1,985,950
IDEA Part B - Special Education	1,389,664	1,485,439	1,463,673	(21,766)	1,345,789
MSIX Data Quality	-	12,000	11,726	(274)	-
IDEA Part B - Special Education Preschool	36,224	36,224	36,972	748	41,174
NCLB Title III, Part A - English Language Acquisition	80,581	85,195	69,510	(15,685)	74,079
NCLB Title II, Part A - Teacher & Principal Training	226,386	269,836	229,515	(40,321)	202,113
Title IV-A	-	91,085	79,983	(11,102)	-
CO SEM Grant	-	-	-	-	83,110
NCLB Title X - Homeless Education	40,000	42,000	42,000	-	40,000
NCLB Title III, Part A - English Language Set Aside	-	416	-	(416)	-
Federal Grants from Other State Agencies					
Carl Perkins Vocational Education	119,398	118,254	100,352	(17,902)	117,075
Total Federal Sources	<u>4,665,626</u>	<u>5,446,209</u>	<u>5,225,959</u>	<u>(220,250)</u>	<u>4,567,072</u>
TOTAL REVENUES	<u>11,468,277</u>	<u>12,312,082</u>	<u>12,197,258</u>	<u>(114,824)</u>	<u>11,581,294</u>

See the accompanying Independent Auditors' Report

(Continued)

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018			Variance with Final Budget	2017 Actual
	Original Budget	Final Budget	Actual		
(Continued)					
EXPENDITURES					
Instruction					
Salaries	1,118,881	1,136,313	1,061,613	74,700	1,025,913
Benefits	416,560	421,512	361,272	60,240	332,428
PS - Professional	-	-	-	-	12,671
PS - Other	1,653,004	2,017,629	2,181,873	(164,244)	1,715,760
Supplies	71,030	34,075	49,655	(15,580)	36,447
Property	-	-	399	(399)	-
Other Expenses	100	100	611	(511)	103
Total Instruction	<u>3,259,575</u>	<u>3,609,629</u>	<u>3,655,423</u>	<u>(45,794)</u>	<u>3,123,322</u>
Supporting Services					
Pupil Support					
Salaries	1,474,792	1,573,514	1,485,897	87,617	1,445,250
Benefits	531,557	563,882	519,907	43,975	480,769
PS - Professional	158,450	156,450	157,121	(671)	172,725
PS - Property	7,600	5,450	6,352	(902)	4,217
PS - Other	726,662	831,143	840,004	(8,861)	711,306
Supplies	113,526	67,097	70,733	(3,636)	67,557
Property	2,000	2,200	1,935	265	505
Other Expenses	6,500	6,500	6,175	325	8,065
Total Pupil Support	<u>3,021,087</u>	<u>3,206,236</u>	<u>3,088,124</u>	<u>118,112</u>	<u>2,890,394</u>
Staff Support					
Salaries	616,957	598,296	631,459	(33,163)	588,904
Benefits	189,305	182,438	183,476	(1,038)	172,917
PS - Professional	338,259	349,558	313,316	36,242	363,105
PS - Property	95,800	95,800	95,258	542	116,775
PS - Other	382,529	545,260	433,818	111,442	387,604
Supplies	175,192	154,885	106,566	48,319	140,786
Property	18,300	18,300	6,613	11,687	10,694
Other Expenses	73,612	74,217	87,949	(13,732)	89,407
Total Staff Support	<u>1,889,954</u>	<u>2,018,754</u>	<u>1,858,455</u>	<u>160,299</u>	<u>1,870,192</u>
General Administration					
Salaries	175,159	159,037	184,828	(25,791)	166,047
Benefits	57,083	52,411	62,339	(9,928)	50,470
PS - Professional	41,180	41,180	26,225	14,955	28,743
PS - Property	1,500	1,500	1,618	(118)	5,059
PS - Other	38,710	38,710	41,306	(2,596)	33,804
Supplies	11,454	11,454	16,647	(5,193)	24,314
Property	60,500	60,500	135	60,365	8,251
Other Expenses	105,116	108,521	85,535	22,986	90,318
Total General Administration	<u>490,702</u>	<u>473,313</u>	<u>418,633</u>	<u>54,680</u>	<u>407,006</u>
School Administration					
Salaries	62,268	62,268	62,748	(480)	68,527
Benefits	21,179	21,179	20,439	740	20,947
Total School Administration	<u>83,447</u>	<u>83,447</u>	<u>83,187</u>	<u>260</u>	<u>89,474</u>

See the accompanying Independent Auditors' Report

(Continued)

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018			Variance with Final Budget	2017 Actual
	Original Budget	Final Budget	Actual		
(Continued)					
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Services					
Salaries	303,496	315,496	285,748	29,748	283,183
Benefits	99,061	101,681	89,647	12,034	89,835
PS - Other	-	-	-	-	8,000
Total Business Services	402,557	417,177	375,395	41,782	381,018
Operations and Maintenance					
Salaries	-	-	313	(313)	278
Benefits	-	-	68	(68)	59
PS - Property	84,589	135,354	149,087	(13,733)	75,783
PS - Other	1,950	1,950	1,765	185	1,959
Supplies	53,900	53,900	54,780	(880)	56,509
Property	-	-	63,287	(63,287)	-
Other Expenses	537,943	582,079	585,845	(3,766)	585,845
Total Operations and Maintenance	678,382	773,283	855,145	(81,862)	720,433
Other Central Support					
Salaries	631,589	665,331	624,709	40,622	610,892
Benefits	196,749	204,581	192,456	12,125	182,438
PS - Professional	141,961	189,961	207,304	(17,343)	138,362
PS - Property	5,600	5,600	4,347	1,253	4,383
PS - Other	79,886	113,736	112,499	1,237	47,906
Supplies	37,869	47,369	57,176	(9,807)	42,000
Property	13,125	23,925	7,289	16,636	1,076
Other Expenses	76,670	74,540	82,217	(7,677)	81,740
Total Other Central Support	1,183,449	1,325,043	1,287,997	37,046	1,108,797
Risk Management					
PS - Other	54,000	54,000	45,196	8,804	46,905
Community Support					
Salaries	127,098	127,098	127,138	(40)	115,284
Benefits	48,433	48,433	47,811	622	43,197
PS - Professional	3,500	-	-	-	4,100
PS - Other	8,000	8,371	7,665	706	4,320
Supplies	9,000	9,000	9,322	(322)	8,846
Total Community Support	196,031	192,902	191,936	966	175,747
Other Uses					
Up-Front Grant Match	275,000	275,000	265,735	9,265	259,825
Debt Service					
Principal	124,765	124,765	111,132	13,633	351,144
Interest	-	-	17,177	(17,177)	-
Total Debt Service	124,765	124,765	128,309	(3,544)	351,144
Contingency	426,983	250,000	-	250,000	-
TOTAL EXPENDITURES	12,085,932	12,803,549	12,253,535	550,014	11,424,257
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	-	-	62,500	62,500	-
CHANGE IN FUND BALANCE	(617,655)	(491,467)	6,223	497,690	157,037
BEGINNING FUND BALANCE	2,331,479	2,382,244	2,106,264	(275,980)	1,949,227
ENDING FUND BALANCE	\$ 1,713,824	\$ 1,890,777	\$ 2,112,487	\$ 221,710	\$ 2,106,264

See accompanying Independent Auditors' Report.

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 9035 - CENTENNIAL BOCES
 Fiscal Year 2017-18
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+	-	=	
10 General Fund	2,106,264	12,259,759	12,253,536	2,112,487
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	2,106,264	12,259,759	12,253,536	2,112,487
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
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	0	0	0	0
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL

45 *If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your prior period 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 2017-18

Colorado School District/BOCES

ASSETS	Governmental										Proprietary					Fiduciary			Totals
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85					
Cash and Investments (8100-8104,8111)	1,679,373	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,679,373	
Grants Accounts Receivable (8142)	1,341,370	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,341,370	
Other Receivables (8151-8154,8161)	63,423	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	63,423	
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Assets	3,084,166	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,084,166	

Governmental Proprietary Fiduciary

	Governmental										Proprietary				Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
LIABILITIES & FUND EQUITY																
LIABILITIES																
Other Payables (7421-7423)	611,156	0	0	0	0	0	0	0	0	0	0	0	0	0	611,156	
Accrued Expenses (7461)	318,585	0	0	0	0	0	0	0	0	0	0	0	0	0	318,585	
Payroll Ded. and Withholdings (7471-7473)	1,754	0	0	0	0	0	0	0	0	0	0	0	0	0	1,754	
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Grants Deferred Revenue (7482)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Long-Term Liabilities (7521,7531,7561,7590)	40,185	0	0	0	0	0	0	0	0	0	0	0	0	0	40,185	
Total Liabilities	971,680	0	0	0	0	0	0	0	0	0	0	0	0	0	971,680	

See accompanying Independent Auditors' Report

Governmental

Proprietary

Fiduciary

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR 3% Emergency Reserve 6721	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	250,000	0	0	0	0	0	0	0	0	0	0	0	0	0	250,000
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	1,862,487	0	0	0	0	0	0	0	0	0	0	0	0	0	1,862,487
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	2,112,487	0	0	0	0	0	0	0	0	0	0	0	0	0	2,112,487

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	3,084,166	0	0	0	0	0	0	0	0	0	0	0	0	0	3,084,166

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