

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

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended
June 30, 2019**

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GREELEY, COLORADO

ROSTER OF OFFICIALS
June 30, 2019

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
Tiffany Thompson	Weldon Valley, RE-20J
Nancy Sarchet	Weld, RE-1
Alphretta Erdmann	Briggsdale, RE-10J
Nancy Kugler	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

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FINANCIAL SECTION

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2019

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, 2019. 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 -\$18,026,650 at the end of the June 30, 2018 to -\$16,871,938 as of June 30, 2019. The share of Colorado PERA's net pension liability for Centennial BOCES decreased during the fiscal year causing the primary impact on the Statement of Net Position found on page 3.

The BOCES fund balance in the General Fund of \$2,060,109 is a decrease of \$52,378 over the prior fiscal year. The fund balance represents 15.8% of the actual expenditures for the fiscal year ended June 30, 2019. There were no significant factors in the fund balance increase and was based primarily on positive project balances in Innovative Education Services during the fiscal year.

Federal Migrant Education revenues account for \$1,903,102 or 14.6% of total governmental revenue for the year ending June 30, 2019. Federal Special Education IDEA Part B revenues account for \$1,705,129 or 13.0% of total governmental revenue. Title I revenues account for \$1,234,254 or 9.4% of total governmental revenue. Total federal sources of revenues were \$220,072 higher for the year ending June 30, 2019 compared to June 30, 2018. The main change in federal sources was in Special Education IDEA Part B, which increased \$241,456 over the prior 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, 2019, Centennial BOCES had a negative change in the fund balance. The fund balance decreased \$52,378 over the prior year. At the end of the current fiscal year, total assets of the BOCES decreased to \$6,020,858 compared to \$6,376,734, which is a decrease of \$355,876 from the prior year. The change is represented by an increase in receivables of \$64,533 and a decrease in capital assets of \$418,849. The change in liabilities is highlighted by the decrease of \$15,554,149 in the non-current liabilities, representing a total decrease in liabilities of \$15,438,798. Total deferred inflows of financial resources increased \$10,452,332 from the prior year.

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

	2019	2018
<u>Assets:</u>		
Current Assets	\$3,147,139	\$3,084,166
Capital Assets – Net	2,873,719	3,292,568
Deferred Outflows of Resources	6,219,116	9,694,994
Capital Assets & Deferred Outflows of Financial Resources	\$12,239,974	\$16,071,728
<u>Liabilities:</u>		
Current Liabilities	\$ 1,046,845	\$ 931,494
Non-current Liabilities	15,732,070	31,286,219
Deferred Inflows of Resources	12,332,997	1,880,665
Total Liabilities & Deferred Inflows of Financial Resources	\$29,111,912	\$34,098,378
<u>Net Position:</u>		
Net Invested in Capital Assets	\$ 2,873,719	\$ 2,814,403
Unrestricted Net Position	(19,745,657)	(20,6841,053)
Total Net Position(Deficit)	\$(16,871,938)	\$(18,026,650)
Total Liabilities, Deferred Outflows and Net Position	\$12,239,974	\$16,071,728

The most significant changes in governmental activities were a decrease in deferred outflows of resources of \$3,475,878, and a decrease in non-current liabilities of \$15,554,149. The significant increase in deferred inflows of resources of \$10,452,332 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

	2019	2018
Program Revenues:		
Charges for Services	\$4,626,637	\$4,114,213
Operating Grants	8,267,657	7,982,247
Total Program Revenues	\$12,894,294	\$12,096,460
General Revenues:		
Investment Earnings	\$ 41,510	\$ 28,652
Gain (Loss) on Capital Asset Disposals	-	-
Miscellaneous Revenues	142,998	134,646
Total General Revenues	184,508	163,298
Total Revenues	\$13,078,802	\$12,259,758
Expenses:		
Instruction	\$ 3,965,704	\$ 5,079,566
Supporting Services	7,366,768	12,428,182
Total Expenses	\$11,332,472	\$17,507,748
Change in Net Position	1,746,330	(5,247,990)
Net Position - Beginning	\$ (18,026,650)	\$ (12,136,432)
Prior Period Restatement	(591,618)	(642,228)
Net Position - Beginning (Restated)	(18,618,268)	(12,778,660)
Net Position Ending	(\$16,871,938)	(\$18,026,650)

The increase in governmental activity total revenues of \$819,044 is attributable to the increase in grant revenues of \$285,410 and an increase of charges for services of \$512,424. The decreases in total expenses of \$6,175,276 are mostly attributable to the decrease in supporting services expenses. There were no major decreases in grant funding during the 2019 fiscal year. The largest increase in grant funding was in Special Education IDEA Part B grant of \$241,456.

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, 2019, the BOCES' general fund reported a fund balance of \$2,060,109, which is a decrease of \$52,378 from the June 30, 2018 balance. The majority of the decrease was related to carryover funds used in Administration for building upgrades. The general fund has an unassigned fund balance of \$1,810,109 and a committed fund balance of \$250,000.

Capital Assets

As of June 30, 2019, the BOCES had \$2,873,719 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 \$22,383. A summary of the BOCES' Capital Assets is as follows:

TABLE 3 – SUMMARY OF CAPITAL ASSETS

	<u>Balance 06/30/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/19</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land and Easements	\$ 396,466	\$ 17,000	\$ -	\$ 413,466
Capital Assets, Being Depreciated				
Buildings & Improvements	3,323,802	51,878	-	3,375,680
Machinery and Equipment	<u>2,472,416</u>	<u>5,895</u>	-	<u>2,478,311</u>
Total Capital Assets	<u>\$6,192,684</u>	<u>\$ 74,773</u>	-	<u>\$6,267,457</u>
Less Accumulated Depreciation: Buildings and Improvements	\$(1,043,641)	\$(70,619)	-	\$(1,114,280)
Less Accumulated Depreciation: Machinery and Equipment	<u>(2,252,941)</u>	<u>\$(26,537)</u>	-	<u>(2,279,458)</u>
Total Accumulated Depreciation	<u>\$(3,296,582)</u>	<u>\$(97,156)</u>	-	<u>\$(3,393,738)</u>
Net Capital Assets	<u>\$2,896,082</u>	<u>\$(22,383)</u>	<u>\$ -</u>	<u>\$2,873,719</u>

The BOCES decreased net capital assets by \$22,383. The change was due to an increase in total accumulated depreciation. The change in net capital assets included additions in Land and Building Improvements of \$68,878 and \$5,895 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, 2019, the BOCES had total outstanding long-term debt as follows:

TABLE 4 – SCHEDULE OF NONCURRENT LIABILITIES

	Balance 06/30/18	Additions	Payments or Deletions	Balance 06/30/19	Current Portion
Capital Leases					
Vehicle Lease	\$ 4,717	\$ -	\$ 4,717	\$ -	\$ -
2020 Clubhouse Drive	413,711	-	113,755	299,956	117,245
Greeley Lighting Lease	59,737	-	11,410	48,327	11,410
Other Long Term Liabilities	<u>40,185</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,185</u>	<u>\$ -</u>
Total Capital Leases Payable	\$ 518,350	\$ -	\$ 129,882	\$ 388,468	\$128,655
PERA Net OPEB Liability	683,910	3,355	-	687,265	
PERA Net Pension Liability	29,949,569	-	15,491,397	14,458,172	
Accrued Compensated Absences	<u>134,390</u>	<u>63,775</u>	<u>-</u>	<u>198,165</u>	<u>-</u>
Total Long-term Obligations	<u>\$31,286,219</u>	<u>\$ 67,130</u>	<u>\$15,621,279</u>	<u>\$15,732,070</u>	<u>\$128,655</u>

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 35.

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 updated or awarded after the budget adoption. The final budget increased by \$758,639 over the original budget due to an increase in several projects, including two specific funding project sources – Title III Professional Learning Grant project of \$113,000 and the Out of District Placement project of \$302,235. Actual expenditures for the year were \$340,495 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 2019-2020 budget addresses the major projects for the ensuing school year and provides an adequate level of funding for ongoing programs. The final payoff in the amount of \$300,748 for the Greeley building lease is part of the 2019-2020 Budget. The budget includes all programs associated with the fourteen districts within the BOCES. Overall, the original adopted BOCES' budget for 2019-2020 is \$13,788,534 or \$316,859 more than the final budget for 2018-2019. The main increases are in the Administration budgets of \$167,417, and the Special Education budgets of \$262,273. Innovative Education Services budgets decreased \$98,043 over the final 2018-19 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.

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, 2019, 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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 12, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules

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 39 - 41 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

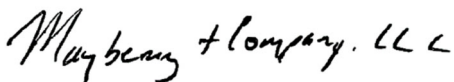
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 42 - 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 45 - 48 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 9, 2019 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, 2019

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Assets	
Cash and Investments	\$ 1,677,813
Grants Receivable	1,132,683
Other Accounts Receivable	336,643
Capital Assets, not being depreciated	413,466
Capital Assets, being depreciated	<u>2,460,253</u>
Total Assets	<u>6,020,858</u>
Deferred Outflows of Financial Resources	
Net Pension Deferred Outflows	6,163,354
Net OPEB Deferred Outflows	<u>55,762</u>
Total Deferred Outflows of Financial Resources	<u>6,219,116</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>\$ 12,239,974</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
Liabilities	
Accounts Payable	\$ 662,561
Accrued Salaries & Benefits	384,414
Payroll Taxes & Deductions Payable	270
Other Current Liabilities	(400)
Non-Current Liabilities	
Due Within One Year	128,655
Due In More Than One Year	<u>15,603,415</u>
Total Liabilities	<u>16,778,915</u>
Deferred Inflows of Financial Resources	
Net Pension Deferred Inflows	12,300,208
Net OPEB Deferred Inflows	<u>32,789</u>
Total Deferred Inflows of Financial Resources	<u>12,332,997</u>
Net Position	
Net Investment in Capital Assets	2,873,719
Unrestricted Net Position	<u>(19,745,657)</u>
Total Net Position	<u>(16,871,938)</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS AND NET POSITION	<u>\$ 12,239,974</u>

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

Statement of Activities

For the Year Ended June 30, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government				
Governmental Activities				
Instruction	\$ 3,965,704	\$ 86,014	\$ 3,824,633	\$ (55,057)
Supporting Services	7,366,768	4,540,623	4,443,024	1,616,879
Total Primary Government	\$ 11,332,472	\$ 4,626,637	\$ 8,267,657	1,561,822
General Revenues				
Investment Earnings				41,510
Other Revenues				142,998
Total General Revenues and Transfers				184,508
Change in Net Position				1,746,330
Beginning Net Position				(18,026,650)
Prior Period Restatement				(591,618)
Beginning Net Position (As Restated)				(18,618,268)
Ending Net Position				\$ (16,871,938)

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, 2019

	<u>Totals</u>	
	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Investments	\$ 1,677,813	\$ 1,679,373
Grants Receivable	1,132,683	1,341,370
Other Accounts Receivable	336,643	63,423
TOTAL ASSETS	<u>\$ 3,147,139</u>	<u>\$ 3,084,166</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 662,561	\$ 611,155
Accrued Salaries & Benefits	384,414	318,585
Payroll Taxes & Deductions Payable	270	1,754
Other Current Liabilities	(400)	-
Other Liabilities	40,185	40,185
Total Liabilities	<u>1,087,030</u>	<u>971,679</u>
Fund Balance		
Committed Fund Balance		
Committed as Budgetary Reserve	-	250,000
Assigned Fund Balance		
Assigned as Budgetary Reserve	250,000	-
Unassigned Fund Balance	1,810,109	1,862,487
Total Fund Balance	<u>2,060,109</u>	<u>2,112,487</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 3,147,139</u>	<u>\$ 3,084,166</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, 2019**

Fund Balance - Governmental Funds		\$	2,060,109
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	413,466		
Capital assets, being depreciated	5,853,992		
Accumulated depreciation	<u>(3,393,739)</u>		2,873,719
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	6,163,354		
Net pension liability	(14,458,172)		
Net pension deferred inflows	<u>(12,300,208)</u>		(20,595,026)
OPEB Liability			
Net OPEB deferred outflows	55,762		
Net OPEB liability	(687,265)		
Net OPEB deferred inflows	<u>(32,789)</u>		(664,292)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Capital leases payable	(348,283)		
Accrued compensated absences	<u>(198,165)</u>		(546,448)
Total Net Position - Governmental Activities		<u>\$</u>	<u>(16,871,938)</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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	<u>Totals</u>	
	<u>2019</u>	<u>2018</u>
REVENUES		
Local Sources	\$ 4,828,793	\$ 4,221,561
Intermediate Sources	27	498
State Sources	2,803,951	2,749,240
Federal Sources	<u>5,446,031</u>	<u>5,225,959</u>
TOTAL REVENUES	<u>13,078,802</u>	<u>12,197,258</u>
EXPENDITURES		
Instruction	4,287,306	3,655,423
Pupil Support	3,181,737	3,138,153
Staff Support	1,949,489	1,858,455
General Administration	480,205	368,604
School Administration	85,804	83,187
Business Services	387,963	375,395
Operations and Maintenance	811,053	855,145
Other Central Support	1,292,411	1,287,997
Risk Management	48,798	45,196
Community Support	199,167	191,936
Other Uses	268,303	265,735
Debt Service	<u>138,944</u>	<u>128,309</u>
TOTAL EXPENDITURES	<u>13,131,180</u>	<u>12,253,535</u>
OTHER FINANCING SOURCES (USES)		
Debt Proceeds	<u>-</u>	<u>62,500</u>
CHANGE IN FUND BALANCE	(52,378)	6,223
BEGINNING FUND BALANCE	<u>2,112,487</u>	<u>2,106,264</u>
ENDING FUND BALANCE	<u>\$ 2,060,109</u>	<u>\$ 2,112,487</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, 2019**

Change in Fund Balance - Governmental Funds		\$ (52,378)
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level		
Capitalized Asset Purchases	\$ 74,774	
Depreciation Expense	<u>(97,157)</u>	(22,383)
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	(3,295,810)	
Change in net pension liability	15,491,397	
Current year change and amortization of deferred inflows - net	<u>(10,430,935)</u>	1,764,652
OPEB Liability		
Current year change and amortization of deferred outflows - net	15,034	
Change in OPEB liability	(3,355)	
Current year change and amortization of deferred inflows - net	<u>\$ (21,347)</u>	(9,668)
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		129,882
Change in accrued compensated absences		<u>(63,775)</u>
Total Net Position - Governmental Activities		<u>\$ 1,746,330</u>

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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		502,924
Investments		<u>1,174,489</u>
Total Cash and Investments	\$	<u>1,677,813</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, 2019, 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, 2019

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, 2019, 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>06/30/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/19</u>
Governmental Activities:				
Capital Assets, not being depreciated:				
Land and Easements	\$ 396,466	\$ 17,000	\$ -	\$ 413,466
Capital Assets, being depreciated:				
Buildings and Improvements	3,323,802	51,878	-	3,375,681
Machinery and Equipment	2,472,416	5,895	-	2,478,311
Total Capital Assets Being Depreciated	<u>5,796,218</u>	<u>57,773</u>	<u>-</u>	<u>5,853,992</u>
Total Capital Assets	<u>6,192,684</u>	<u>74,773</u>	<u>-</u>	<u>6,267,458</u>
Accumulated Depreciation:				
Buildings and Improvements	(1,043,661)	(70,619)	-	(1,114,281)
Machinery and Equipment	<u>(2,252,921)</u>	<u>(26,537)</u>	<u>-</u>	<u>(2,279,458)</u>
Total Accum. Depreciation	<u>(3,296,582)</u>	<u>(97,156)</u>	<u>-</u>	<u>(3,393,739)</u>
Net Governmental Capital Assets	<u>\$ 2,896,102</u>	<u>\$ (22,383)</u>	<u>\$ -</u>	<u>\$ 2,873,719</u>

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, 2019, are \$384,414. 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 plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan

- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

Plan description. Eligible employees of the 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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2018. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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.

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	5.50%	5.50%
Total employer contribution rate to the SCHDTF	19.13%	19.13%

¹ Rates are expressed as a percentage of salary as defined in C.R.S. 24-51-101(4)

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

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

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 the BOCES were \$858,717 for the year ended June 30, 2019.

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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)

At June 30, 2019, the BOCES reported a liability of \$14,458,172 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the BOCES as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the BOCES were as follows:

District's proportionate share of the net pension liability	\$	14,458,172
The State's proportionate share of the net pension liability as a nonemployer contributing	\$	1,739,150
Total	\$	16,197,322

At December 31, 2018, the BOCES proportion was 0.08165 percent, which was a decrease of 0.01097 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the BOCES recognized pension expense of \$679,232 and revenue of \$117,418 for support from the State as a nonemployer contributing entity. At June 30, 2019, 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	\$ 519,977	\$ -
Changes of assumptions or other inputs	\$ 3,014,552	\$ (8,991,428)
Net difference between projected and actual earnings on pension plan investments	\$ 1,984,786	\$ (1,327,412)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 197,817	\$ (1,981,368)
Contributions subsequent to the measurement date	\$ 446,222	\$ -
Total	\$ 6,163,354	\$ (12,300,208)

\$446,222 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

Year Ended June 30:	Fiscal Year Totals
2020	\$ (934,395)
2021	(3,600,388)
2022	(2,479,378)
2023	431,085
Total	\$ (6,583,076)

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

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.90-9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	4.78%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2% compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

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

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.

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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)

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

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

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

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

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

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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)

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%.

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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)

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

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

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current measurement date.

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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)

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 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (18,381,092)	\$ (14,458,172)	\$ (11,166,180)

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

NOTE 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, 2019 program members contributed \$95,811.

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Summary of Significant Accounting Policies

OPEB. The 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.

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

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

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

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the BOCES were \$12,439 for the year ended June 30, 2019.

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

At June 30, 2019, the BOCES reported a liability of \$705,736 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The BOCES' proportion of the net OPEB liability was based on the BOCES' contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the BOCES' proportion was 0.05187 percent, which was a decrease of 0.00075 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the BOCES recognized OPEB expense of \$59,327. At June 30, 2019, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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)

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 2,599	\$ (1,074)
Net difference between projected and actual earnings on pension plan investments	\$ 13,056	\$ (8,581)
Changes of assumptions or other inputs	\$ 4,951	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 12,361	\$ (8,165)
Contributions subsequent to the measurement date	\$ 23,792	\$ -
Total	\$ 56,759	\$ (17,820)

\$23,792 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Fiscal Year Totals
2020	\$ 2,537
2021	2,537
2022	2,537
2023	5,397
2024	2,069
2025	70
Total	\$ 15,147

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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)

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.

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as discussed below.

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

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

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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)

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates (PERA benefit structure):	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.00%
Medicare Part A premiums	3.25 % for 2018, gradually rising to 5.00% in 2025
DPS Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as discussed below.

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

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

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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 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%	

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:

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Discount Rate	1% Increase
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Proportionate share of the net OPEB asset (liability)	\$ (686,248)	\$ (705,736)	\$ (728,151)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members
- assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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)

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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB asset (liability)	\$ (789,657)	\$ (705,736)	\$ (633,992)

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

NOTE 8: LONG-TERM OBLIGATIONS

A summary of changes in long term obligations for the year ended June 30, 2019:

	Balance 6/30/18	Additions	Deletions	Balance 6/30/19	Current Portion	Interest Expense
<u>Capital Leases Payable:</u>						
Vehicle Lease	\$ 4,717	\$ -	\$ 4,717	\$ -	\$ -	\$ 59
2020 Clubhouse Lease	413,711	-	113,755	299,956	117,245	11,010
Greeley Lighting Lease	59,737	-	11,410	48,327	11,410	2,769
Other Long Term Liabilities	40,185	-	-	40,185	-	-
Total Capital Leases Payable	518,350	-	129,882	388,468	128,655	13,838
PERA Net OPEB Liability	683,910	3,355	-	687,265	-	-
PERA Net Pension Liability	29,949,569	-	15,491,397	14,458,172	-	-
Accrued Compensated Absences	134,390	63,775	-	198,165	-	-
Total Long Term Obligations	\$ 31,286,219	\$ 67,130	\$ 15,621,279	\$ 15,732,070	\$ 128,655	\$ 13,838

Long term obligations also include the potential equity distribution of \$40,185 discussed in Note 11.

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8: LONG-TERM OBLIGATIONS (Continued)

Capital Leases – Direct Borrowing

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%. The lease is subject to annual appropriation. In the event of default, the Lessor may enter and take possession of the leased property without cancelling the lease, exclude lessee from possession of the leased property or take all legal action to collect rents that are due

In January 2018, the BOCES entered into a lease agreement for \$62,500 to finance light improvements at the BOCES' building in Greeley, Colorado. Monthly payments of \$1,182 are due through March 2023, at an interest rate of 5.075%. The lease is subject to annual appropriation. In the event of default, the Lessor enforce the agreement by appropriate action to collect amounts due, take possession of the property and relet the property for Lessee's account, repossess the property, sell the property, or pursue any other remedy available.

The BOCES also repaid a vehicle lease during the fiscal year.

The future minimum capital lease payments at June 30, 2019, are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 143,720
2020	138,944
2021	138,944
2022	<u>76,562</u>
Total Future Minimum Lease Payments	498,170
Less: Interest Portion	<u>(109,702)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 388,468</u>

NOTE 9: RISK MANAGEMENT

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

NOTE 10: FACILITY USE AGREEMENT

Commencing July 1, 2019, 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, 2022.

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, 2019, 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 another liability in the governmental activity presentation.

NOTE 12: PRIOR PERIOD RESTATEMENTS

The BOCES has restated beginning deferred outflows and inflows related to proportion changes for the PERA pension plan. The BOCES has restated these balances to reflect the change in proportion of plan level deferrals that had previously not been material in addition to plan level liabilities. This restatement decreased governmental activities net position in the amount of \$195,152.

In addition, the BOCES has restated the beginning capital assets reflected in the prior year financial statements in the amount of \$396,466. The balance of the BOCES' non-depreciable capital assets for the prior fiscal year were mistakenly included in both the non-depreciable and depreciable balances in the financial statements. This resulted in a decrease in governmental activities net position in the amount of \$396,466.

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>Fiscal Year</u>	BOCES' proportion of the net pension asset (liability)	BOCES' proportionate share of the net pension asset (liability)	BOCES' covered payroll	BOCES' proportionate share of the net pension asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2014	0.091667%	\$ (11,692,101)	\$ 3,695,389	316.40%	64.07%
June 30, 2015	0.087583%	\$ (11,870,480)	\$ 3,669,112	323.52%	62.84%
June 30, 2016	0.090956%	\$ (13,911,128)	\$ 3,963,856	350.95%	59.16%
June 30, 2017	0.090085%	\$ (26,821,674)	\$ 4,043,159	663.38%	43.13%
June 30, 2018	0.092619%	\$ (29,949,569)	\$ 4,272,387	701.00%	43.96%
June 30, 2019	0.081652%	\$ (14,458,172)	\$ 4,609,325	313.67%	57.01%

Note: All amounts are as of plan calculation dates which are for the calendar 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

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

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>BOCES' covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2014	\$ 573,894	\$ (573,894)	\$ -	\$ 3,695,389	15.53%
June 30, 2015	\$ 602,835	\$ (602,835)	\$ -	\$ 3,669,112	16.43%
June 30, 2016	\$ 686,936	\$ (686,936)	\$ -	\$ 3,963,856	17.33%
June 30, 2017	\$ 733,025	\$ (733,025)	\$ -	\$ 4,043,159	18.13%
June 30, 2018	\$ 795,946	\$ (795,946)	\$ -	\$ 4,272,387	18.63%
June 30, 2019	\$ 858,717	\$ (858,717)	\$ -	\$ 4,609,325	18.63%

Note: All amounts are as of plan calculation dates which are for the calendar 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 THE BOCES' PROPORTIONATE SHARE OF THE
NET OPEB ASSET (LIABILITY)
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

<u>Fiscal Year</u>	<u>BOCES' proportion of the net OPEB asset (liability)</u>	<u>BOCES' share of the net OPEB asset (liability)</u>	<u>BOCES' covered payroll</u>	<u>BOCES' proportionate share of the net OPEB asset (liability) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
June 30, 2017	0.051205%	\$ (663,892)	\$ 4,043,159	16.420%	16.70%
June 30, 2018	0.052625%	\$ (683,910)	\$ 4,272,387	16.008%	17.53%
June 30, 2019	0.051872%	\$ (705,736)	\$ 4,609,325	15.311%	17.03%

Note: All amounts are as of plan calculation dates which are for the calendar 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>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>BOCES' covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2017	\$ 41,240	\$ (41,240)	\$ -	\$ 4,043,159	1.02%
June 30, 2018	\$ 43,578	\$ (43,578)	\$ -	\$ 4,272,387	1.02%
June 30, 2019	\$ 47,015	\$ (47,015)	\$ -	\$ 4,609,325	1.02%

Note: All amounts are as of plan calculation dates which are for the calendar 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.

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REQUIRED SUPPLEMENTARY INFORMATION

CENTENNIAL BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019				2018 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
REVENUES					
Local Sources					
Tuition From Individuals	\$ 134,507	\$ 131,507	\$ 86,014	\$ (45,493)	\$ 208,912
BOCES Assessments	2,241,592	2,323,805	3,453,878	1,130,073	2,905,222
Investment Earnings	18,212	18,212	41,510	23,298	28,652
Community Service Revenue	58,740	39,357	78,688	39,331	48,950
Donations	6,500	6,500	17,648	11,148	6,550
Other Local BOCES Services Flowthrough	412,215	415,266	361,165	(54,101)	338,739
Services Provided - Other AU	-	-	-	-	2,300
Overhead Cost Revenue	166,519	166,519	302,649	136,130	188,412
Indirect Cost Revenue	399,733	399,733	344,243	(55,490)	421,678
Other Local	627,942	965,595	142,998	(822,597)	72,146
Total Local Sources	4,065,960	4,466,494	4,828,793	362,299	4,221,561
Intermediate Sources					
Mineral Leases	-	-	27	27	498
State Sources					
State Grants from CDE					
State ECEA	1,794,461	1,794,461	1,587,430	(207,031)	1,666,145
State Gifted and Talented	212,391	216,252	216,252	-	212,391
BOCES Grant Writing	21,070	22,948	22,948	-	21,070
State Ed Priorities	281,578	281,638	281,638	-	281,493
Gifted and Talented Universal Screening	38,073	29,267	29,267	-	31,536
State Pension Contribution	-	-	117,418	117,418	-
SWAP	550,000	550,000	548,998	(1,002)	536,605
Total State Sources	2,897,573	2,894,566	2,803,951	(90,615)	2,749,240
Federal Sources					
Federal Grants from CDE					
NCLB Title I, Part A - Improving Basic Programs	1,201,000	1,252,465	1,234,254	(18,211)	1,175,005
NCLB Title I, Part C - Migrant Education	1,934,617	2,000,000	1,903,102	(96,898)	2,017,223
IDEA Part B - Special Education	1,557,694	1,557,694	1,705,129	147,435	1,463,673
MSIX Data Quality	-	-	-	-	11,726
IDEA Part B - Special Education Preschool	37,711	37,711	37,938	227	36,972
NCLB Title III, Part A - English Language Acquisition	85,000	103,596	68,121	(35,475)	69,510
NCLB Title II, Part A - Teacher & Principal Training	270,000	278,258	216,816	(61,442)	229,515
Title IV-A	91,085	133,390	76,237	(57,153)	79,983
NCLB Title X - Homeless Education	40,000	42,500	42,500	-	42,000
NCLB - Title III, Part A - Competitive	-	113,000	64,150	(48,850)	-
NCLB Title III, Part A - English Language Set Aside	-	285	-	(285)	-
Federal Grants from Other State Agencies					
Carl Perkins Vocational Education	118,254	128,139	97,784	(30,355)	100,352
Total Federal Sources	5,335,361	5,647,038	5,446,031	(201,007)	5,225,959
TOTAL REVENUES	12,298,894	13,008,098	13,078,802	70,704	12,197,258

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

	2019			Variance with Final Budget	2018 Actual
	Original Budget	Final Budget	Actual		
(Continued)					
EXPENDITURES					
Instruction					
Salaries	1,210,608	1,264,625	1,123,260	141,365	1,061,613
Benefits	421,042	433,206	394,515	38,691	361,272
PS - Professional	-	13,351	22,031	(8,680)	-
PS - Other	2,323,006	2,501,708	2,682,345	(180,637)	2,181,873
Supplies	5,630	24,630	51,579	(26,949)	49,655
Property	-	30,000	1,555	28,445	399
Other Expenses	100	100	12,021	(11,921)	611
Total Instruction	<u>3,960,386</u>	<u>4,267,620</u>	<u>4,287,306</u>	<u>(19,686)</u>	<u>3,655,423</u>
Supporting Services					
Pupil Support					
Salaries	1,653,322	1,678,884	1,703,217	(24,333)	1,522,240
Benefits	584,312	587,930	598,088	(10,158)	533,593
PS - Professional	165,306	165,806	163,291	2,515	157,121
PS - Property	5,450	5,700	3,470	2,230	6,352
PS - Other	588,003	599,100	615,464	(16,364)	840,004
Supplies	43,629	97,274	88,378	8,896	70,733
Property	2,000	3,000	2,079	921	1,935
Other Expenses	6,500	6,500	7,750	(1,250)	6,175
Total Pupil Support	<u>3,048,522</u>	<u>3,144,194</u>	<u>3,181,737</u>	<u>(37,543)</u>	<u>3,138,153</u>
Staff Support					
Salaries	593,177	600,135	673,740	(73,605)	631,459
Benefits	185,193	186,563	207,644	(21,081)	183,476
PS - Professional	328,630	360,797	266,296	94,501	313,316
PS - Property	99,350	99,350	98,110	1,240	95,258
PS - Other	449,960	594,251	505,118	89,133	433,818
Supplies	117,603	122,278	104,962	17,316	106,566
Property	18,300	26,045	17,673	8,372	6,613
Other Expenses	75,592	76,184	75,946	238	87,949
Total Staff Support	<u>1,867,805</u>	<u>2,065,603</u>	<u>1,949,489</u>	<u>116,114</u>	<u>1,858,455</u>
General Administration					
Salaries	147,578	147,578	116,448	31,130	148,485
Benefits	48,733	48,733	164,031	(115,298)	48,653
PS - Professional	41,980	41,980	25,294	16,686	26,225
PS - Property	1,500	1,500	1,614	(114)	1,618
PS - Other	40,210	40,210	41,032	(822)	41,306
Supplies	13,661	13,661	19,592	(5,931)	16,647
Property	59,000	59,000	8,077	50,923	135
Other Expenses	110,036	111,931	104,117	7,814	85,535
Total General Administration	<u>462,698</u>	<u>464,593</u>	<u>480,205</u>	<u>(15,612)</u>	<u>368,604</u>
School Administration					
Salaries	64,136	64,136	64,616	(480)	62,748
Benefits	21,950	21,950	21,188	762	20,439
Total School Administration	<u>86,086</u>	<u>86,086</u>	<u>85,804</u>	<u>282</u>	<u>83,187</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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019			Variance with Final Budget	2018 Actual
	Original Budget	Final Budget	Actual		
(Continued)					
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Services					
Salaries	292,105	292,105	294,301	(2,196)	285,748
Benefits	90,244	90,244	93,662	(3,418)	89,647
Total Business Services	<u>382,349</u>	<u>382,349</u>	<u>387,963</u>	<u>(5,614)</u>	<u>375,395</u>
Operations and Maintenance					
Salaries	-	-	175	(175)	313
Benefits	-	-	38	(38)	68
PS - Property	105,472	154,907	156,869	(1,962)	149,087
PS - Other	2,450	2,450	1,759	691	1,765
Supplies	33,800	33,800	48,091	(14,291)	54,780
Property	5,500	5,500	-	5,500	63,287
Other Expenses	583,709	613,767	604,121	9,646	585,845
Total Operations and Maintenance	<u>730,931</u>	<u>810,424</u>	<u>811,053</u>	<u>(629)</u>	<u>855,145</u>
Other Central Support					
Salaries	682,133	671,722	615,285	56,437	624,708
Benefits	210,906	212,032	193,731	18,301	192,456
PS - Professional	142,064	180,637	214,883	(34,246)	207,304
PS - Property	5,600	4,600	4,338	262	4,347
PS - Other	108,955	123,755	109,032	14,723	112,499
Supplies	39,488	41,488	42,110	(622)	57,176
Property	12,694	12,694	1,273	11,421	7,289
Other Expenses	74,728	105,202	111,759	(6,557)	82,217
Total Other Central Support	<u>1,276,568</u>	<u>1,352,130</u>	<u>1,292,411</u>	<u>59,719</u>	<u>1,287,996</u>
Risk Management					
PS - Other	<u>57,350</u>	<u>57,350</u>	<u>48,798</u>	<u>8,552</u>	<u>45,196</u>
Community Support					
Salaries	130,867	131,347	131,344	3	127,138
Benefits	50,025	50,130	49,756	374	47,811
PS - Other	6,500	6,900	7,125	(225)	7,665
Supplies	8,500	8,500	10,862	(2,362)	9,322
Property	-	-	80	(80)	-
Total Community Support	<u>195,892</u>	<u>196,877</u>	<u>199,167</u>	<u>(2,290)</u>	<u>191,936</u>
Other Uses					
Up-Front Grant Match	<u>269,684</u>	<u>269,684</u>	<u>268,303</u>	<u>1,381</u>	<u>265,735</u>
Debt Service					
Principal	124,765	124,765	116,524	8,241	111,133
Interest	-	-	22,420	(22,420)	17,177
Total Debt Service	<u>124,765</u>	<u>124,765</u>	<u>138,944</u>	<u>(14,179)</u>	<u>128,310</u>
Contingency	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>12,713,036</u>	<u>13,471,675</u>	<u>13,131,180</u>	<u>340,495</u>	<u>12,253,535</u>
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	-	-	-	-	62,500
CHANGE IN FUND BALANCE	<u>(414,142)</u>	<u>(463,577)</u>	<u>(52,378)</u>	<u>411,199</u>	<u>6,223</u>
BEGINNING FUND BALANCE	<u>2,419,453</u>	<u>2,468,888</u>	<u>2,112,487</u>	<u>(356,401)</u>	<u>2,106,264</u>
ENDING FUND BALANCE	<u>\$ 2,005,311</u>	<u>\$ 2,005,311</u>	<u>\$ 2,060,109</u>	<u>\$ 54,798</u>	<u>\$ 2,112,487</u>

See accompanying Independent Auditors' Report.

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 9035 - Centennial BOCES
 Fiscal Year 2018-19
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	2,112,487		13,078,802		13,131,179		2,060,109
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
Sub- Total	2,112,487		13,078,802		13,131,179		2,060,109
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
21 Food Service Spec Revenue Fund	0		0		0		0
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	0		0		0		0
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	0		0		0		0
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	0		0		0		0
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	0		0		0		0
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	0		0		0		0
79 GASB 34:Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	0		0		0		0

FINAL



Colorado Department of Education

Bolded Balance Sheet Report

District: 9035 - Centennial BOCES

Fiscal Year 2018-19

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)	1,677,813	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,677,813	
Grants Accounts Receivable (8142)	1,132,683	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,132,683	
Other Receivables (8151-8154,8161)	336,643	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	336,643	
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Assets	3,147,139	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,147,139	

See accompanying Independent Auditors' Report.

Governmental Proprietary Fiduciary

LIABILITIES & FUND EQUITY	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	
Other Payables (7421-7423)	662,561	0	0	0	0	0	0	0	0	0	0	0	0	0	662,561	
Accrued Expenses (7461)	384,414	0	0	0	0	0	0	0	0	0	0	0	0	0	384,414	
Payroll Ded. and Withholdings (7471-7473)	270	0	0	0	0	0	0	0	0	0	0	0	0	0	270	
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	
Other Current Liabilities (7491,7492,7499)	-400	0	0	0	0	0	0	0	0	0	0	0	0	0	-400	
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	1,087,030	0	0	0	0	0	0	0	0	0	0	0	0	0	1,087,030	

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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assigned Fund Balance 6760	250,000	0	0	0	0	0	0	0	0	0	0	0	0	0	250,000
Unassigned Fund Balance 6770	1,810,109	0	0	0	0	0	0	0	0	0	0	0	0	0	1,810,109
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	2,060,109	0	0	0	0	0	0	0	0	0	0	0	0	0	2,060,109

	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	3,147,139	0	0	0	0	0	0	0	0	0	0	0	0	0	3,147,139

	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