

**RIO BLANCO BOARD OF  
COOPERATIVE EDUCATIONAL SERVICES  
RANGELY, COLORADO**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
June 30, 2016



**RECEIVED**

*By Justin L. Smith at 4:11 pm, Dec 15, 2016*

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**Hays  
Maggard  
& Hood, P.C.**

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CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Rio Blanco Board of Cooperative Educational Services  
Rangely, Colorado

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of the Rio Blanco Board of Cooperative Educational Services, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's 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. 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 auditor's 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 control. 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.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Rio Blanco Board of Cooperative Educational Services, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the pension disclosure information, listed as "required supplementary information" in the table of contents, 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.

### ***Other Supplemental Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rio Blanco Board of Cooperative Educational Services' basic financial statements. The schedules listed as "other supplemental information" in the table of contents are for purposes of additional analysis and are not a required part of the basic financial statements. The electronic financial data integrity check figures, bolded balance sheet report and related reconciliations are presented for purposes of additional analysis as required by the Colorado Department of Education, and are also not required part of the basic financial statements. This information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Other Supplemental Information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



HAYS, MAGGARD & HOOD, P.C.  
Glenwood Springs, Colorado  
December 7, 2016

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended June 30, 2016

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Rio Blanco Board of Cooperative Educational Services (BOCES) is incorporated under applicable Colorado Laws to provide programs and services assigned by its Board of Directors. Colorado's Boards of Cooperative Educational Services were established by the "Boards of Cooperative Services Act of 1965" as regional educational service units designed to provide supporting, instructional, administrative, facility, community, or any other services contracted by participating members. The Rio Blanco BOCES was established in 1976 and provides services to all schools in Rio Blanco County, Colorado, which include two public school districts, one centered in Meeker (RE-1) and one centered in Rangely (RE-4).

The discussion and analysis of the Rio Blanco Board of Cooperative Educational Services' financial performance provides an overall review of the Cooperative's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the financial performance as a whole and should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the overall financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year ended June 30, 2016 are as follows:

- Inclusive of the Cooperative's proportional share of the State PERA net pension liability, there was an overall decrease in net position of \$94,000 from the previous fiscal year.
- General Revenues accounted for \$9,889 while program specific revenues, in the form of program specific grants and contributions accounted for \$2,283,096, or 99.6%, of the total revenues of \$2,292,985.
- The Cooperative had \$2,386,985 in expenses, which were offset by program specific charges for services and sales, grants and contributions. Included in this amount are member district assessment refunds in the amount of \$107,349.

**USING THE BASIC FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Rio Blanco Board of Cooperative Educational Services as a financial whole, or as an entire operating activity.

The statement of net position and statement of activities provide information about the activities as a whole, presenting both an aggregate view of the Cooperative's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also report the Cooperative's operations in more detail than the government-wide statements by providing information about the most significant funds. For the Rio Blanco Board of Cooperative Educational Services, the General Fund is the most significant fund. The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended June 30, 2016

**REPORTING ON THE COOPERATIVE AS A WHOLE**

**Statement of Net Position and Statement of Activities**

While this report contains all funds used to provide programs and activities, the view of the Cooperative as a whole looks at all financial transactions and asks the question, "How did we do financially during the current fiscal year?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. The basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

The focus of the government-wide financial statements is on the overall financial position. These statements are constructed around the concept of a primary government, the Cooperative. The two statements report the Cooperative's net position and changes in therein. This change in net position is important because it identifies whether the financial position has improved or diminished. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the Cooperative's operations are considered governmental activities:

**Governmental Activities** – Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. Most of the Cooperative's programs and services are reported here including instruction, support services, operation and maintenance, and extracurricular activities.

**FUND FINANCIAL STATEMENTS**

Fund financial reports provide detailed information about the Cooperative's major funds. The Cooperative uses one major governmental fund, the General Fund, to account for all financial transactions. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the Cooperative rather than the Cooperative as a whole.

The governmental fund focuses on how monies flow into and out of the fund and the balances left at fiscal year-end for spending in future periods. Governmental 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 Cooperative's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**SUPPLEMENTAL INFORMATION**

In addition to the basic financial statements and accompanying notes, this report also presents supplemental information required by U.S. generally accepted accounting principles, as well as other supplemental information to assist the reader in a full understanding of the financial statements and additional schedules required by the Colorado Department of Education and Federal Funding agencies.

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended June 30, 2016

**THE COOPERATIVE AS A WHOLE**

The perspective of the statement of net position is of BOCES as a whole. Following is a summary of the net position for the fiscal years ending June 30, 2016 compared to 2015.

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
<u>ASSETS:</u>		
Current and Other Assets	\$ 558,870	\$ 469,208
Capital Assets, Net	-	-
TOTAL ASSETS	558,870	469,208
 <u>DEFERRED OUTFLOWS OF RESOURCES:</u>		
Pensions, Net of Accumulated Amortization	570,592	207,261
TOTAL DEFERRED OUTFLOWS	570,592	207,261
 <u>LIABILITIES:</u>		
Current & Other Liabilities	454,549	364,887
Net Pension Liability	4,450,236	3,907,142
TOTAL LIABILITIES	4,904,785	4,272,029
 <u>DEFERRED INFLOWS OF RESOURCES:</u>		
Pensions, Net of Accumulated Amortization	245,712	331,475
TOTAL DEFERRED INFLOWS	245,712	331,475
 <u>NET POSITION:</u>		
Invested in Capital Assets, Net of Related Debt	-	-
Restricted	-	-
Unrestricted	(4,021,035)	(3,927,035)
TOTAL NET POSITION	\$ (4,021,035)	\$ (3,927,035)

The District's Statement of Net Position includes the District's proportionate share of the unfunded liability in the Public Employees Retirement Association (PERA) future retiree pension. The related negative unrestricted assets balance merely represents that there are *long-term* obligations, including pensions, in excess of *currently* available resources.

These long-term commitments consist of the BOCES Proportionate share of State PERA pension obligations (see note 4).

See further discussion of the BOCES as a whole on the following pages.

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended June 30, 2016

**THE COOPERATIVE AS A WHOLE – CONTINUED**

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The Cooperative's services are primarily financed by Federal, State and local operating grants and contributions. The following detail reflects the total cost of services supported by program revenues and general revenues, resulting in the overall change in net position for the current fiscal year.

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
<u>REVENUES</u>		
Program Revenues:		
Grants & Contributions	\$ 2,283,096	\$ 2,161,530
General Revenues:		
Investment Income	10	30
Other Revenues	9,879	638
Total General Revenues	<u>9,889</u>	<u>668</u>
TOTAL REVENUES	<u>2,292,985</u>	<u>2,162,198</u>
<u>EXPENSES</u>		
Instruction	1,461,527	1,398,000
Support Services:		
Student Based	240,421	162,247
Instructional Staff	280,176	194,886
General Administration	122,673	130,562
Business Services	149,823	143,742
Central Support Services	25,016	33,631
Assessment Refund	<u>107,349</u>	<u>105,935</u>
TOTAL EXPENSES	<u>2,386,985</u>	<u>2,169,003</u>
 INCREASE (DECREASE) IN NET POSITION	 <u>\$ (94,000)</u>	 <u>\$ (6,805)</u>

The majority of the Cooperative's funding comes from State and Federal Grants. For the fiscal year 2016, the net position of the Cooperative's governmental activities decreased by approximately \$94 thousand.

*Net Cost of Providing Services*

As indicated above, the statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table summarizes the information from the statement of activities, reflecting the total cost of program services and the remaining net cost of program services supported by general revenues:

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction	\$ 1,461,527	\$ 1,398,000	\$ 205,014	\$ 6,835
Support Services:				
Student Based	240,421	162,247	(190,325)	(67,749)
Instructional Staff	280,176	194,886	89,200	68,387
General Administration	122,673	130,562	-	-
Business Services	149,803	143,742	-	-
Central Support Services	25,016	33,631	-	-
Assessment Refund	<u>107,349</u>	<u>105,935</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,386,985</u>	<u>\$ 2,169,003</u>	<u>\$ 103,889</u>	<u>\$ 7,473</u>

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended June 30, 2016

**THE COOPERATIVE'S GENERAL FUND**

The Cooperative uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds are accounted for using the modified accrual basis of accounting. The Cooperative's single governmental fund, the general fund, had current year revenues and other financing sources of \$2,292,985 and current year expenditures and other financing uses of \$2,292,985. The remaining fund balance of \$104,321 is the amount available for future spending.

**GENERAL FUND BUDGETING HIGHLIGHTS**

The Cooperative's procedures in establishing the budgetary data reflected in the financial statements is summarized in *Note 1(E)* of the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Cooperative uses a line-item based budget which is designed to control expenditures, but provide flexibility for overall budgetary management. Schedules showing the budget amounts compared with amounts actually paid or received are provided in the supplemental information of the financial statements.

For the General Fund, actual revenues and other financing sources of \$2,292,985 were below final budgetary expectations of \$2,609,210 by \$316,225.

The Cooperative's General Fund actual expenditures and other financing uses of \$2,292,985 were \$316,225 less than the final appropriated balance of \$2,609,210.

The Board of Directors and Cooperative management continue to strive to budget appropriate amounts for each individual line item. It is not anticipated that this year's budgetary variances will have a significant impact on future services or liquidity. The overall savings are indicative of the efforts to provide services in the most economical manner. This year's savings will have a positive impact on future year's fund balances.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2016, the Cooperative had no capital assets.

**Debt**

As of June 30, 2016 the Cooperative had no outstanding debt. Other long-term obligations consist of the Cooperative's proportionate share of the Net Pension Liability (see Note 1 & 5).

**CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK**

Financial support of the Cooperative is derived from local, state and federal educational sources. The board sets an annual budget that designates expenditures for all instructional and support areas needed for the agency. Federal and state funding is applied to the costs with the balance coming from the local districts based upon the services received by that district. The director of special education, with input from the district administrators, determines the instructional and support staff needed to implement the special education programs within their service area. The districts then contribute amounts for needed services from the administrative unit on an actual cost basis. Historically, the Cooperative has been successful in meeting the special education needs of the two member districts. Changes in the number of severe needs students is a factor that will affect the need for additional resources and may require future budget constraints.

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
For the Fiscal Year Ended June 30, 2016

**CONTACTING THE COOPERATIVE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the Cooperative's finances and to show the Cooperative's accountability for the money it receives. If you have any questions regarding this report or need additional information, please contact the:

Rio Blanco Board of Cooperative Educational Services  
Attn: Business Office  
402 W. Main Street  
Rangely, Colorado 81648  
Tel: (970) 675-2064  
Fax: (970) 675-5023

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**STATEMENT OF NET POSITION**  
June 30, 2016

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 517,049
Receivables:	
Intergovernmental Grants	39,935
Other Receivables	<u>1,886</u>
<b>TOTAL ASSETS</b>	<u>558,870</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Pension, Net of Accumulated Amortization	<u>570,592</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>570,592</u>
 <b>LIABILITIES:</b>	
Accrued Salaries and Benefits	214,956
Unearned Revenues	239,593
Noncurrent Liabilities –	
Net Pension Liability	<u>4,450,236</u>
<b>TOTAL LIABILITIES</b>	<u>4,904,785</u>
 <b>DEFERRED INFLOWS OF RESOURCES:</b>	
Pension, Net of Accumulated Amortization	<u>245,712</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>245,712</u>
 <b>NET POSITION:</b>	
Unrestricted	<u>(4,021,035)</u>
<b>TOTAL NET POSITION</b>	<u>\$ (4,021,035)</u>

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

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2016

	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>
		<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>GOVERNMENTAL ACTIVITIES:</b>				
Instruction	\$ 1,461,527	\$ 1,256,513	\$ -	\$ (205,014)
General Support Services:				
Student Based	240,421	427,762	2,984	190,325
Instructional Staff	280,176	190,976	-	(89,200)
General Administration	122,673	122,673	-	-
Business Support Services	149,823	149,823	-	-
Central Support Services	25,016	25,016	-	-
Assessment Refund	<u>107,349</u>	<u>107,349</u>	<u>-</u>	<u>-</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 2,386,985</u>	<u>\$ 2,280,112</u>	<u>\$ 2,984</u>	<u>(103,889)</u>
		<b>GENERAL REVENUES:</b>		
				9,879
				<u>10</u>
		Total General Revenues		<u>9,889</u>
				(94,000)
				<u>(3,927,035)</u>
				<u>\$ (4,021,035)</u>

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

FUND FINANCIAL STATEMENTS

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016

	<u>General Fund</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 517,049
Receivables:	
Intergovernmental Grants	39,935
Other Receivables	<u>1,886</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 558,870</u></b>
 <b>LIABILITIES AND FUND EQUITY:</b>	
<b>Liabilities:</b>	
Accrued Salaries and Benefits	\$ 214,956
Unearned Revenues	<u>239,593</u>
<b>Total Liabilities</b>	<b><u>454,549</u></b>
 <b>Fund Equity:</b>	
Unassigned	<u>104,321</u>
<b>Total Fund Equity</b>	<b><u>104,321</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 558,870</u></b>

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

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
 June 30, 2016

TOTAL GOVERNMENTAL FUND BALANCES \$ 104,321

Amounts reported for governmental activities on the Statement of Net Position are different because of the following:

Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:

Net Pension Liability	\$ (4,450,236)	
Deferred Outflows of Resources	570,592	
Deferred Inflows of Resources	<u>(245,712)</u>	<u>(4,125,356)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (4,021,035)

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

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2015

	<u>General Fund</u>
REVENUES:	
Local Sources	\$ 1,458,458
State Sources	476,549
Federal Sources	357,968
Interest Earned	<u>10</u>
TOTAL REVENUES	<u>2,292,985</u>
EXPENDITURES:	
Instruction	1,367,527
Supporting Services:	
Student Based	240,421
Instructional Staff	280,176
General Administration	122,673
Business Support Services	149,823
Central Support Services	25,016
Assessment Refunds	<u>107,349</u>
TOTAL EXPENDITURES	<u>2,292,985</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-
FUND BALANCE - BEGINNING OF YEAR	<u>104,321</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 104,321</u></u>

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

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
 For the Fiscal Year Ended June 30, 2016

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS                      \$            -

Amounts reported for governmental activities on the Statement of Activities are different because of the following:

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in Net Pension Liability	\$    (543,094)	
Change in Deferred Outflows	363,331	
Change in Deferred Inflows	<u>85,763</u>	<u>(94,000)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<u><u>\$    (94,000)</u></u>

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

# RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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

The financial statements of the Rio Blanco Board of Cooperative Educational Services (BOCES) are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Cooperative is discussed below.

#### A. Financial Reporting Entity

The Rio Blanco Board of Cooperative Educational Services is organized under the laws of the State of Colorado and is governed by a twelve member Board of Directors comprised of school board members from each participating district who are empowered to direct, and are responsible to the electorate for, the services and programs provided. Policy is in place adjusting voting percentages of the Board to ensure equal representation of each district. Administrative control is given to the executive director of the BOCES who is responsible to the Board, and superintendents of the participating districts participate as ex-officio members with no voting privileges. All special education staff working in the districts are BOCES employees and under the direct supervision of the executive director. In all non-special education matters BOCES staff are subject to the building principal and district superintendent as per the regulations and policies of each participating district. The BOCES has on file with the Colorado Department of Education a variance to CRS 3.01(1)(a) regarding pupil membership and size, which is requested each year due to several factors (remote location, travel distance within county, local control issues, etc.) which prevent the unit from joining with other special education administrative units. The Board is solely responsible for the Cooperative's budget adoption process. BOCES meets the criteria of a primary government; its Board is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes. The reporting entity consists of (a) the primary government and (b) organizations for which the Cooperative is financially accountable. The Cooperative is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Cooperative. Consideration is also given to other organizations that are fiscally dependent. Organizations for which the nature and significance of their relationship with the Cooperative are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity. Based on these criteria, the Cooperative's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the Cooperative's reporting entity. The Cooperative is not a component unit of any other governmental reporting entity. The Cooperative's financial statements include the accounts of all operations.

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

**B. Basis of Presentation**

The Cooperative's basic financial statements consist of government-wide statements, including a statement of net position and statement of activities, and fund financial statements which provide a more detailed level of financial information.

*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

The statement of net position and the statement of activities display information about the entity as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues.

*FUND FINANCIAL STATEMENTS*

Governmental Funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between the governmental fund assets and liabilities is reported on the balance sheet as fund balance.

**C. Fund Accounting**

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations based upon the purposes for which they are to be spent and by the means by which spending activities are controlled. The Cooperative has one major governmental fund, the General Fund:

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund, when applicable. The General Fund balance is available for any purpose provided it is expended or transferred according to general statutory laws.

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

D. Measurement Focus and Basis of Accounting

*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with operations are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Government-wide financial statements are prepared using the accrual basis of accounting.

*FUND FINANCIAL STATEMENTS*

Governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and governmental fund statements. Governmental funds use the modified accrual basis of accounting and the flow of expendable financial resources (measurement focus)

*BASIS OF ACCOUNTING*

While the measurement focus identifies *which* transactions and events should be recorded on the financial statements, the basis of accounting determines *when* transactions and economic events are reflected in financial statements.

*Exchange and Non-exchange Transactions*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Under the modified accrual basis of accounting, revenues are recorded when they are both measurable and available (often referred to as *susceptible to accrual*). Revenues are measurable when they are subject to reasonable estimation, while the available criterion is satisfied when revenues are collectible during the period and the actual collection will occur either (a) during the current period or (b) after the end of the period but in time to pay fund liabilities. The Cooperative considers revenues to be available if they are expected to be collected within 60 days of the end of the year.

Non-exchange transactions, in which the Cooperative receives value without directly giving equal value in return, include grants, entitlements and donations. Grants, entitlements, and interest are recorded when they are susceptible to accrual. Expenditure-based grants are recorded as revenue when the conditions of the grants are satisfied. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources, except unmatured interest on general long-term debt is recorded when due, when applicable.

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

E. Budgets and Budgetary Accounting

The Cooperative follows these procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by Colorado Budget Law for all funds. The BOCES legally adopted annual budgets for all of the Cooperative's funds.
- Prior to June 30, the budgets are adopted and appropriations made by formal resolution for the ensuing fiscal year commencing July 1. A public hearing on the proposed budget is held by the Board prior to adoption of the budget.
- Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds.
- Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget.
- Appropriations lapse at the end of each year, and the Cooperative's Board may adopt supplemental appropriations during the year.
- Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation is utilized by the Cooperative for management purposes and internal budgetary control during the year, but is not used for financial reporting purposes. Encumbrances outstanding at year end are closed out and the fund balance is not reserved for any encumbrances outstanding.

F. Assets, Liabilities and Fund Equity/Net Position

- 1) Cash and Investments – The policy in determining which items are treated as cash equivalents include cash, demand deposits, treasury bills and other short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less. Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimates fair value.

See additional required disclosures for cash and investments in *Note 2*.

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

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

F. Assets, Liabilities and Fund Equity/Net Position - continued

3) Net Position and Fund Balances –

In the government-wide financial statements, net position is classified in the following categories:

*Invested in Capital Assets, Net of Related Debt* – this category groups all capital assets into one component. Accumulated depreciation and the outstanding debt balances that are attributable to (already invested in) the acquisition, construction or improvement of these assets reduce this category.

*Restricted* – assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by various enabling legislation.

*Unrestricted* – represents the amount which is not restricted for any purpose. It is the policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

In the fund financial statements, fund balances of governmental funds are classified in the following categories:

*Nonspendable* – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of permanently restricted funds to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, when applicable.

*Restricted* – when constraints are placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – 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 Education). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

*Assigned* – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned* – the residual for the general fund. It is the policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

At June 30, Net Position/Fund Balances were all Unrestricted/Unassigned.

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

F. Assets, Liabilities and Fund Equity/Net Position - continued

- 4) Capital Assets – Capital assets purchased or acquired with an original cost in excess of the capitalization threshold of \$5,000 (set by the Board) are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives, when applicable:

Buildings & Improvements	25-50 years
Administrative Software Systems	20 years
Equipment	5 years

- 5) Accrued Liabilities and Long-term Obligations – All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

*Accrued Salaries and Benefits* – Salaries of teachers and other contracted personnel are accrued as required by the Revised Financial Policies and Procedures Handbook. Teachers' salaries are typically paid over a twelve-month period but are earned over a period of approximately nine months. This results in an outstanding liability at the end of the fiscal year with the incremental change charged to expenditures. The accrued PERA and Medicare related to these salaries are shown as a current liability.

G. Deferred Outflows and Inflows of Resources

The statement of net position and fund balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources, when applicable. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenue in future periods.

H. Unearned Revenue

Unearned Revenues consist of revenue received before all eligibility requirements or allocable expenditures have been met or incurred.

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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 using the economic measurement focus and accrual basis of accounting.

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

J. Fair Values of Financial Instruments

The BOCES has a number of financial instruments, including cash and equivalents, receivables, and accounts payable, none of which are held for trading purposes. The BOCES estimates that fair values of its financial instruments at year end do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

K. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

*NOTE 2 - DEPOSITS AND INVESTMENTS*

The Board recognizes the importance of prudent and profitable investment of monies and its responsibility in overseeing the Cooperative's financial program. It is the policy to invest public funds in a manner which will ensure the safety of funds, ensure that adequate funds are available at all times to meet the financial obligations when due, ensure a market rate of return on the funds available for investment throughout the budget cycle, and ensure that all funds are deposited and invested in accordance with all federal, state and local statutes governing the investment of public funds. This policy applies to the investment of all financial assets of all funds of the Cooperative over which it exercises financial control.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. governmental agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee Valley authority, and certain international agency securities, including the World Bank.
- General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- Bankers' acceptances of certain banks
- Certain securities lending agreements
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed Investment contracts
- Local government investment pools
- The investing local government's own securities including certificates of participation and lease obligations.

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

*NOTE 2 - DEPOSITS AND INVESTMENTS (continued)*

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 regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

At June 30, 2016 there were bank balances of \$543,091 of which \$350,697 was covered by FDIC insurance and \$194,394 by PDPA as described above. The following is a summary of cash and cash equivalents as of June 30, 2016:

Checking and Savings	\$ 442,394
Time Deposit Account	100,697
Less Outstanding Items	<u>(26,042)</u>
Total Cash and Cash Equivalents	<u>\$ 517,049</u>

Risk Disclosures

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are included in the notes below.

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. The Cooperative's policy places no limit on the amount it may invest in any one issuer; however the Cooperative maintains general guidelines for investments to ensure proper diversification by security type and institution. All investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by the Public Depository Protection Act, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The Cooperative maintains an investment policy that limits investment maturities to three years as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows. Investments subject to interest rate risk disclosures are shown below:

	<u>Fair Value</u>	<u>Maturity</u>
Time Deposit Account (Not Rated)	\$ 100,697	8/19/16

The Cooperative was not subject to foreign currency risk as of June 30, 2016.

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

**NOTE 3 - CAPITAL ASSETS**

As discussed in Note 1 F (4), it is the policy of the Cooperative to capitalize fixed assets purchased or acquired with an original cost in excess of the capitalization threshold of \$5,000 set by the Board. This policy is in compliance with those required by the Cooperative's federal funding sources. There are no capital assets as of June 30, 2016.

**NOTE 4 - DEFINED BENEFIT PENSION PLAN**

**Plan Description**

Eligible employees of the Rio Blanco Board of Cooperative Educational Services 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 provision of the Federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly.

PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Benefits Provided**

PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. Section 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% match on eligible amounts as of the retirement date. This amount is then annualized into a monthly benefit based on life expectancy and other actuarial factors.

*It is possible for employees participating in the SCHDTF to have earned service credit under the Denver Public Schools (DPS) Benefit Structure while working for a previous employer; therefore the DPS Benefit Structure is shown below, where the lifetime retirement benefit for all eligible retiring employees under the DPS Benefit Structure is the greater of the:*

- *Highest average salary multiplied by 2.5 percent and the 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% of the highest average salary and cannot exceed the maximum benefit allowed by the federal Internal Revenue Code.

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

**NOTE 4 - DEFINED BENEFIT PENSION PLAN - continued**

Benefits Provided - continued

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

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

Disability benefits are available for eligible employees once they reach 5 years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula show 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

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

For contributions made during the Year Ended:	December 31, 2016	December 31, 2015
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Sec 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. Sec 24-51-411	4.50%	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Sec 24-51-411	4.50%	4.00%
<b>Total Employer Contribution Rate to the SCHDTF</b>	<b>18.13%</b>	<b>17.33%</b>

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the BOCES were \$245,039 during the year ended June 30, 2016.

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

**NOTE 5 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

At June 30, 2016, the Rio Blanco Board of Cooperative Educational Services reported a liability of \$4,450,236 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The BOCES' proportion of the net pension liability was based on its contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the BOCES' proportion was .0290973622% which was a decrease of .0002695120% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the BOCES recognized pension expense of \$333,036. At June 30, 2016, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 58,766	\$ 185
Changes of assumptions or other inputs	-	62,890
Net difference between projected and actual earnings on pension plan investments	378,395	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	6,145	182,637
Contributions subsequent to the measurement date	127,286	-
<b>TOTAL</b>	<b>\$ 570,592</b>	<b>\$ 245,712</b>

The amount of \$127,286 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year Ended December 31,</u>	<u>Outflows</u>	<u>Inflows</u>
2017	\$ 112,855	\$ 3,568
2018	76,057	2,523
2019	6,275	(54)
2020	-	-
2021	-	-
Thereafter	-	-

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

*NOTE 5 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS*  
*- continued*

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price Inflation	2.80 percent
Real Wage Growth	1.10 percent
Wage Inflation	3.90 percent
Salary Increases, including wage inflation	3.90 – 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

The following programming changes were made:

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18 month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

The following methodology changes were made:

- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disable members elect to receive a refund.
- Remove negative value adj for liabilities associated with refunds of future terminating mbrs.
- Adjustment to timing of normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

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

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

*NOTE 5 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS*  
*- continued*

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

*NOTE: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term rates that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.*

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plans fiduciary net position is projected to be depleted), AIR transfer to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections..
- Benefit payments and contributions were assumed to be made at the end of the month.

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

Sensitivity of the Rio Blanco Board of Cooperative Educational Services' Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

Sensitivity of the Net Pension Liability	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate Share of the Net Pension Liability	\$5,768,807	\$4,450,236	\$3,353,431

Pension Plan Fiduciary Net Position

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

NOTE 6 -

DEFINED CONTRIBUTION PENSION PLAN: Voluntary Investment Program

Plan Description

Employees of the Rio Blanco Board of Cooperative Educational Services 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 at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

Funding Policy

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The BOCES currently has no matching contributions for covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2016, 2015 and 2014, program members contributed \$3,800, \$6,600 and \$6,100, respectively.

NOTE 7 -

OTHER POST-EMPLOYMENT BENEFITS: Health Care Trust Fund

Plan Description

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

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

*NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS: Health Care Trust Fund*  
*- continued*

Funding Policy

The BOCES is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the BOCES are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. The BOCES' contributions to HCTF for the years ending June 30, 2016, 2015, and 2014 were \$14,092, \$12,110, and \$12,608, respectively, equal to their required contributions for each year.

*NOTE 8 - RISK MANAGEMENT*

The Cooperative is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors and omissions; injuries to employees; or acts of God. The Cooperative maintains commercial insurance for all risks of loss. There have been no significant reductions in coverage from prior year and settled claims have not exceeded coverage in any of the past three years.

*NOTE 9 - CONTINGENCIES*

The Cooperative participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit. If expenditures are disallowed due to noncompliance with grant program regulations, the Cooperative may be required to reimburse the grantor government. As of June 30, 2016 the Cooperative was not aware of any amounts to be refunded to the Colorado Department of Education. The Cooperative believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the Cooperative.

*NOTE 10 - JOINTLY GOVERNED ORGANIZATION*

The Rio Blanco Board of Cooperative Educational Services (BOCES) is a jointly governed organization of two regional school districts, with each member district appointing members to the BOCES board of directors whom are in control of budgeting and finance. The districts do not meet the criteria for inclusion within the reporting entity of the BOCES due to the lack of an ongoing financial interest.

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

*NOTE 11 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY*

A. Compliance

The Cooperative appears to be in compliance with all other material legal, contractual and accounting provisions, as prescribed by Federal and State laws and statutes.

B. TABOR Amendment – Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all Colorado local governments. The initial base for local government spending and revenue limits was June 30, 1993 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Except for bond refinancing at a lower interest rate or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments. TABOR requires local governments to establish Emergency Reserves at least 3% of Fiscal Year Spending (excluding bonded debt service and expenditures of Federal Awards). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

The Cooperative's management believes it is exempt from the restrictions of TABOR because it receives no taxes and is a jointly governed service organization; however, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

*NOTE 12 - SUBSEQUENT EVENTS*

Management of the Rio Blanco Board of Cooperative Educational Services has evaluated events subsequent to June 30, 2016 through the issuance date of this report. There has been no material event noted during this period that would either impact the results reflected in this report of the Cooperative's results going forward.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES  
FOR THE GENERAL FUND

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Fiscal Year Ended June 30, 2016

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Local Sources	\$ 1,708,988	\$ 1,708,988	\$ 1,458,458	\$ (250,530)
State Sources	457,017	457,017	476,549	19,532
Federal Sources	443,205	443,205	357,968	(85,237)
Interest Earned	-	-	10	10
	<u>2,609,210</u>	<u>2,609,210</u>	<u>2,292,985</u>	<u>(316,225)</u>
<b>EXPENDITURES:</b>				
Instruction	1,638,117	1,638,117	1,367,527	270,590
Supporting Services:				
Student Based	275,249	274,249	240,421	34,828
Instructional Staff	328,652	328,652	280,176	48,476
Business Administration	152,466	152,466	122,673	29,793
General Administration	183,714	183,714	149,823	33,891
Central Support Services	31,012	31,012	25,016	5,996
Assessment Refund	-	-	107,349	(107,349)
	<u>2,609,210</u>	<u>2,609,210</u>	<u>2,292,985</u>	<u>316,225</u>
Excess of Revenues Over (Under) Expenditures	-	-	-	-
<b>FUND BALANCE – BEGINNING</b>	<u>104,321</u>	<u>104,321</u>	<u>104,321</u>	<u>-</u>
<b>FUND BALANCE – ENDING</b>	<u>\$ 104,321</u>	<u>\$ 104,321</u>	<u>\$ 104,321</u>	<u>\$ -</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE BOCES' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

AND

SCHEDULE OF THE BOCES' PENSION CONTRIBUTIONS

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**SCHEDULE OF THE BOCES' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**JUNE 30, 2016**

<u>Colorado PERA:</u>	<u>Reporting Fiscal Year</u> <u>/ (Measurement Date)</u>	
	<u>2016 / (2015)</u>	<u>2015 / (2014)</u>
District's proportion of the Net Pension Liability	0.0290973622%	0.0288278502%
District's proportionate share of the Net Pension Liability	\$ 4,450,236	\$ 3,907,142
District's covered-employee payroll	\$ 1,381,550	\$ 1,207,679
District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	322%	324%
Plan fiduciary net position as a percentage of the total pension liability	59.16%	62.84%

*NOTE: This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.*

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**SCHEDULE OF THE BOCES' PENSION CONTRIBUTIONS**  
**JUNE 30, 2016**

	Reporting Fiscal Year	
<u>Colorado PERA:</u>	<u>2016</u>	<u>2015</u>
Statutorily Required Contribution	\$ 245,039	\$ 212,468
District Contributions in relation to the statutorily required contribution	<u>245,039</u>	<u>212,468</u>
District contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,381,550	\$ 1,187,225
District's contributions as a percentage of covered-employee payroll	17.74%	17.90%

*NOTE: This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.*

OTHER SUPPLEMENTAL INFORMATION

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended June 30, 2016

REVENUES:	Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenue from Local Sources:</i>			
District Contributions	\$ 1,701,405	\$ 1,448,578	\$ (252,827)
Other Local Grants and Contributions	7,583	9,880	2,297
Total Revenue from Local Sources	1,708,988	1,458,458	(250,530)
<i>Revenue from State Sources:</i>			
ECEA	217,881	325,122	107,241
Gifted and Talented	35,104	35,104	-
Other State Sources	204,032	116,323	(87,709)
Total Revenue from State Sources	457,017	476,549	19,532
<i>Revenue from Federal Sources:</i>			
IDEA Part B	281,167	204,897	(76,270)
IDEA Preschool	13,593	13,593	-
Medicaid	32,000	23,033	(8,967)
SWAP Grant	116,445	116,445	-
Total Revenue from Federal Sources	443,205	357,968	(85,237)
Interest Earned	-	10	10
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 2,609,210</b>	<b>\$ 2,292,985</b>	<b>\$ (316,225)</b>

**RIO BLANCO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Fiscal Year Ended June 30, 2016

EXPENDITURES:	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<i>INSTRUCTION:</i>			
Salaries	\$ 913,537	\$ 813,133	\$ 100,404
Employee Benefits	443,793	461,506	(17,713)
Purchased Services	189,371	74,048	115,323
Supplies and Materials	21,115	18,840	2,275
Capital Outlay	-	-	-
Other Expenditures - Contingency	70,301	-	70,301
<i>TOTAL INSTRUCTION</i>	<u>1,638,117</u>	<u>1,367,527</u>	<u>270,590</u>
<i>SUPPORTING SERVICES:</i>			
Student Support:			
Salaries	170,852	179,540	(8,688)
Employee Benefits	84,564	53,022	31,542
Purchased Services	11,500	6,360	5,140
Supplies and Materials	8,333	1,499	6,834
Subtotal	<u>275,249</u>	<u>240,421</u>	<u>34,828</u>
Instructional Staff:			
Salaries	161,192	127,109	34,083
Employee Benefits	71,059	56,243	14,816
Purchased Services	78,981	74,317	4,664
Supplies and Materials	7,620	14,292	(6,672)
Capital Outlay	4,000	2,984	1,016
Other Expenditures	5,800	5,231	569
Subtotal	<u>328,652</u>	<u>280,176</u>	<u>48,476</u>
General Administration:			
Salaries	97,852	73,852	24,000
Employee Benefits	38,614	35,741	2,873
Purchased Services	16,000	13,080	2,920
Subtotal	<u>152,466</u>	<u>122,673</u>	<u>29,793</u>
Business Administration:			
Salaries	108,712	85,678	23,034
Employee Benefits	54,902	49,867	5,035
Purchased Services	9,100	4,941	4,159
Supplies and Materials	11,000	9,337	1,663
Capital Outlay	-	-	-
Subtotal	<u>183,714</u>	<u>149,823</u>	<u>33,891</u>
Central Support Services:			
Purchased Services	31,012	25,016	5,996
Subtotal	<u>31,012</u>	<u>25,016</u>	<u>5,996</u>
<i>TOTAL SUPPORTING SERVICES</i>	<u>2,609,210</u>	<u>2,185,636</u>	<u>423,574</u>
<i>OTHER:</i>			
Assessment Refund	-	107,349	(107,349)
<i>TOTAL OTHER:</i>	<u>-</u>	<u>107,349</u>	<u>(107,349)</u>
<b>TOTAL APPROPRIATION</b>	<u>\$ 2,609,210</u>	<u>\$ 2,292,985</u>	<u>\$ 316,225</u>

COLORADO DEPARTMENT OF EDUCATION REQUIREMENTS

ELECTRONIC FINANCIAL DATA  
INTEGRITY CHECK FIGURES

AND

BOLDED BALANCE SHEET REPORT



Colorado Department of Education

Auditors Integrity Report

District: 9125 - RIO BLANCO BOCES

Fiscal Year 2015-16

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	104,321	2,292,985	2,292,985	104,321
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
<b>Sub- Total</b>	<b>104,321</b>	<b>2,292,985</b>	<b>2,292,985</b>	<b>104,321</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Proprietary</b>				
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
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
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
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FINAL

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



**Colorado Department of Education**

**Bolded Balance Sheet Report**

District: 9125 - RIO BLANCO BOCES

Fiscal Year 2015-16

Colorado School District/BOCES

**Governmental**

**Proprietary**

**Fiduciary**

ASSETS	Governmental					Proprietary					Fiduciary		Totals	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85		
Cash and Investments (8100-8104,8111)	515,959	0	0	0	0	0	0	0	0	0	0	0	0	515,959
Cash with Fiscal Agent (8105)	1,090	0	0	0	0	0	0	0	0	0	0	0	0	1,090
Intergovernmental Accounts Rec (8141)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	39,935	0	0	0	0	0	0	0	0	0	0	0	0	39,935
Other Receivables (8151-8154,8161)	1,886	0	0	0	0	0	0	0	0	0	0	0	0	1,886
<b>Total Assets</b>	<b>558,870</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>558,870</b>

	Governmental						Proprietary				Fiduciary		
<b>LIABILITIES &amp; FUND EQUITY</b>													
<b>LIABILITIES</b>	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Accrued Expenses (7461)	214,956	0	0	0	0	0	0	0	0	0	0	0	214,956
Grants Deferred Revenue (7482)	239,593	0	0	0	0	0	0	0	0	0	0	0	239,593
<b>Total Liabilities</b>	<b>454,549</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>454,549</b>

**Governmental**

**Proprietary**

**Fiduciary**

<b>FUND EQUITY</b>	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR 3% Emergency Reserve 6721	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	104,321	0	0	0	0	0	0	0	0	0	0	0	104,321
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Fund Equity</b>	<b>104,321</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>104,321</b>

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
<b>Total Liabilities &amp; Fund Equity</b>	558,870	0	0	0	0	0	0	0	0	0	0	0	558,870

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