

**COLORADO RIVER BOARD OF COOPERATIVE
EDUCATIONAL SERVICES**

PARACHUTE, COLORADO

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2018**

**COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES
PARACHUTE, COLORADO**

**ROSTER OF OFFICIALS
June 30, 2018**

BOARD MEMBERS

Anne Guettler – President – Garfield County School District RE-2
Jennifer Rupert – Vice President – Roaring Fork School District
Lynne Shore – Secretary/Treasurer – Garfield School District #16

SUPERINTENDENTS

Brent Curtice – Garfield School District Re-2
Brad Ray – Garfield County School District #16
Rob Stein – Roaring Fork School District

ADMINISTRATIVE

Troy Lange, Executive Director
Jennifer Rhoades, Business Manager
Denise Rahe, Director of Special Education

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FINANCIAL SECTION

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

June 30, 2018

The discussion and analysis of Colorado River Board of Cooperative Educational Services (Colorado River “BOCES”) financial performance provides an overall review of Colorado River BOCES’ financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at Colorado River 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 Colorado River BOCES’ financial performance.

Financial Highlights

Colorado River BOCES formed July 1, 2017 as a result of Mountain BOCES division into two separate entities. For this reason, prior year comparison data does not exist. Colorado River BOCES currently provides services to four, member school districts, Debeque School District 49JT, Garfield School District 16, Garfield School District Re-2, and Roaring Fork School District. In addition, they provide occasional services to some outlying districts, charter schools, and private schools.

Colorado River BOCES ended with a fund balance in the General Fund of 1,709,351.

Colorado River BOCES flows all but the approved indirect cost rate of Federal IDEA Part B and Preschool funds to districts and the districts had the option to purchase Special Education Services through Colorado River BOCES or hire their own staff as approved by IDEA regulations and the Federal Application. Colorado River BOCES continues to employ low incidence staff (hearing, vision, audiology) who provide services to all districts and these costs were assessed to the districts.

Indirect costs were charged to Federal and State grants and other self-supporting programs. The indirect costs revenue of \$157,208 is accounted for in other local revenues and was used to offset general operating expenses. Member districts were assessed \$66,416 for Colorado River BOCES’ general operations and \$2,380,954 for services provided in consortia programs.

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 Colorado River 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 Colorado River BOCES' overall financial status.

The remaining statements are fund financial statements that focus on individual parts of Colorado River BOCES' operations in more detail. The governmental fund statements tell how general Colorado River 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

At the end of the current fiscal year the liabilities of Colorado River BOCES exceeded its assets which resulted in a negative net position of (\$3,442,999).

Government-Wide Financial Statements

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

In the Statement of Net Position and the Statement of Activities, the BOCES has one type of activity:

Governmental Activities – The majority of Colorado River BOCES' programs and services are reported here including general operations support services, instruction and support of consortia programs, and instruction and support of programs for students with disabilities, plant operations and maintenance and pupil transportation.

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

Table 1 - Condensed Statement of Net Position

	Governmental Activities
	2018
Current Assets	\$ 2,841,281
Other Assets	1,067,543
Total Assets	<u>3,908,824</u>
Deferred Outflows of Financial Resources	<u>3,537,624</u>
Current Liabilities	1,010,175
Noncurrent Liabilities	<u>9,140,595</u>
Total Liabilities	<u>10,150,770</u>
Deferred Inflows of Financial Resources	<u>738,612</u>
Net Investment in Capital Assets	1,008,596
Unrestricted Net Position	<u>(4,451,530)</u>
Total Net Position	<u>\$ (3,442,934)</u>

Cash and cash equivalents totaled \$2,841,216 and capital assets net of accumulated depreciation totaled \$1,067,543 and deferred outflows totaled \$3,537,624, the ending total assets balance as of June 30, 2018 is \$3,908,759.

The current liability is \$1,010,175. Due to the pension liability accounted for in the noncurrent liabilities of \$9,140,595, the Colorado River BOCES Total Liabilities come to \$10,150,770. Deferred Inflows totaled \$738,612.

Total net position for the current fiscal year is (\$3,442,999).

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

TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities
	2018
Program Revenues:	
Charges for Services	\$ 2,565,586
Operating Grants	5,025,780
Total Program Revenues	<u>7,591,366</u>
General Revenues:	
Investment Earnings	228
Miscellaneous	157,274
Total General Revenues	<u>157,502</u>
Total Revenues	<u>7,748,868</u>
Expenses	
Instruction	4,032,520
Supporting Services	5,361,038
Community Services	6,198
Total Expenses	<u>9,401,813</u>
Change in Net Position	<u>(1,652,945)</u>
Special Item	
Transfer of Operations from Mountain BOCES	<u>(1,789,989)</u>
Change in Net Position after Special Item	(3,442,934)
Net Position - Beginning	<u>-</u>
Net Position - Ending	<u>\$ (3,442,934)</u>

Since Fiscal Year 2018 is the first year of operation for Colorado River BOCES, we are unable to give a comparative analysis. Revenues for Colorado River BOCES were comprised of Federal and State grants, charges for services, investment earnings, and money that was transferred to Colorado River BOCES as a result of an intergovernmental agreement with Mountain BOCES. Assets for Colorado River BOCES totaled \$7,446,448. Expenses for Colorado River BOCES instruction, supporting services, and community services totaled (\$9,401,813). Additional expenses as a result of operational transfers from Mountain BOCES totaled (\$1,630,572). As a result, the net end of year position for Colorado River BOCES was (\$3,442,934).

Reporting Colorado River BOCES' Most Significant Fund

The analysis of Colorado River BOCES' major funds begins on page 6. Fund financial reports provide detailed information about Colorado River BOCES' major funds. Colorado River BOCES' has two funds, the General Fund and the YMHS Pupil Activity fund.

Governmental Funds - Most of Colorado River 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 Colorado River BOCES' general government operations and the basic services it provides. Governmental fund information helps you 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 are reconciled in the financial statements of the Governmental Funds. Colorado River BOCES' governmental fund is the General Funds. The General Fund accounts for all of Colorado River BOCES' instruction and support operations.

Fund Financial Statements

As of June 30, 2018, Colorado River BOCES' governmental funds reported a fund balance of \$1,709,416.

The governmental fund has unassigned fund equity of \$1,175,587 that is subject to an intergovernmental agreement detailing the division of assets in the splitting of the BOCES. It may be used to meet Colorado River BOCES ongoing obligations. The assigned fund equity of \$533,668 is designated to specific programs and capital expenses.

Capital Assets

As of June 30, 2018, Colorado River BOCES had \$1,067,543 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. A summary of Colorado River BOCES' Capital Assets is as follows:

TABLE 3 - SUMMARY OF CAPITAL ASSETS

	Balance	Mountain			Balance
	7/1/2017	BOCES	Additions	Retirements	6/30/2018
		Transfer			
Depreciable assets					
Buildings and site improvements	\$ -	\$ 1,499,281	\$ -	\$ -	\$ 1,499,281
Transportation equipment	-	356,506	97,320	-	453,826
Total assets	-	1,855,787	97,320	-	1,953,107
Accumulated depreciation					
Buildings and site improvements	-	(608,545)	(35,760)	-	(644,305)
Transportation equipment	-	(215,954)	(25,305)	-	(241,259)
Total accumulated depreciation	-	(824,499)	(61,065)	-	(885,564)
Net Capital assets	\$ -	\$ 1,031,288	\$ 36,255	\$ -	\$ 1,067,543

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

Debt Administration

As of June 30, 2018, Colorado River BOCES had one outstanding debit of \$58,947 associated with a bus lease which was transferred from Mountain BOCES.

	Balance	Mountain			Balance	Current	Interest
	6/30/17	BOCES	Advances	Payments	6/30/18	Portion	Expense
		Transfer					
Net OPEB Liability	\$ -	\$ 164,391	\$ 202,756	\$ -	\$ 202,756	\$ -	\$ -
PERA Net Pension Liability	-	6,641,479	2,237,413	-	8,878,892	-	-
Capital Leases Payable	-	77,590	-	18,643	58,947	19,137	2,056
Total Long-term Liabilities	\$ -	\$ 6,883,460	\$ 2,440,169	\$ 18,643	\$ 9,140,595	\$ 19,137	\$ 2,056

General Fund Budget

The Board of Director's adopts Colorado River 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 General Fund budget are due to donations to specific programs and/or grants awarded after the September budget adoption.

The State of Colorado River BOCES

Colorado River BOCES was formed as a new BOCES (Colorado River BOCES) that includes Roaring Fork, Garfield Re-2, Garfield 16 and DeBeque 49JT School Districts beginning July 1, 2017. Mountain BOCES remains intact and includes Lake County, Park County Re2, Buena Vista and Salida School Districts. The division of assets of Mountain BOCES was specified in an intergovernmental agreement that was been approved by the Mountain BOCES Board.

Requests for Information

The financial report is designed to provide a general overview of Colorado River 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 Business Manager at PO Box 68, Parachute, CO 81635 or by calling 970.285.5265.

Holscher, Mayberry & Company, LLC

Certified Public Accountants

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

Board of Directors
Colorado River Board of Cooperative Educational Services
Parachute, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund, and the aggregate remaining fund information of the Colorado River Board of Cooperative Educational Services, Colorado, as of and for the year ended June 30, 2018, and the related notes to the financial statements 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 in 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, major fund and aggregate remaining fund information of Colorado River Board of Cooperative Educational Services, Colorado, as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the 2017 financial statements have been restated to reflect the adoption of GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of the standard required restatement of the beginning June 30, 2018 fiscal year net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 – M7 and the pension schedules on page 43 - 46 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 47-49 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. In addition, the budgetary comparison schedule on page 50 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. 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 Integrity and Bolded Balance Sheet reports on pages 51-54 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 December 20, 2018 on our consideration of the Colorado River 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 Colorado River Board of Cooperative Educational Services' internal control over financial reporting and compliance.

Holscher, Mayberry + Company, LLC

Englewood, CO
December 20, 2018

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BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the BOCES' operations. These financial statements present the financial position and operating results of all government-wide and fund level activity as of June 30, 2018.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

STATEMENT OF NET POSITION

June 30, 2018

	GOVERNMENTAL ACTIVITIES
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
ASSETS	
Current Assets	
Cash and Investments	\$ 1,421,104
Accounts Receivable	638,612
Grants Receivable	781,404
Prepaid Expense	161
Total Current Assets	<u>2,841,281</u>
Noncurrent Assets	
Capital Assets	1,953,107
Accumulated Depreciation	<u>(885,564)</u>
Total Noncurrent Assets	<u>1,067,543</u>
TOTAL ASSETS	<u>3,908,824</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Net Deferred Outflows - Pension	3,358,833
Net Deferred Outflows - OPEB	<u>178,791</u>
TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>3,537,624</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>\$ 7,446,448</u>
LIABILITIES, DEFERRED INFLOWS OF FINANCIAL RESOURCES AND NET POSTION	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 731,928
Accrued Salaries and Benefits	<u>278,247</u>
Total Current Liabilities	<u>1,010,175</u>
Noncurrent Liabilities	
Due Within One Year	19,137
Due Beyond One Year	<u>9,121,458</u>
Total Noncurrent Liabilities	<u>9,140,595</u>
TOTAL LIABILITIES	<u>10,150,770</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Net Deferred Inflows - Pension	613,530
Net Deferred Inflows - OPEB	3,392
Deferred Inflows - Grants	<u>121,690</u>
TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES	<u>738,612</u>
NET POSITION	
Net Investment in Capital Assets	1,008,596
Unrestricted	<u>(4,451,530)</u>
TOTAL NET POSITION	<u>(3,442,934)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSTION	<u>\$ 7,446,448</u>

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

STATEMENT OF ACTIVITIES

June 30, 2018

	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>GOVERNMENTAL ACTIVITIES TOTAL</u>
FUNCTIONS/PROGRAMS				
GOVERNMENTAL ACTIVITIES:				
Current:				
Instruction	\$ 4,032,520	\$ 1,079,313	\$ 2,212,746	\$ (740,461)
Supporting Services	5,361,038	1,486,273	2,813,034	(1,061,731)
Community Services	6,198	-	-	(6,198)
Interest on Long-Term Debt	<u>2,057</u>	<u>-</u>	<u>-</u>	<u>(2,057)</u>
 TOTAL PRIMARY GOVERNMENT	 <u>\$ 9,401,813</u>	 <u>\$ 2,565,586</u>	 <u>\$ 5,025,780</u>	 <u>(1,810,447)</u>
 GENERAL REVENUES:				
Investment Earnings				228
Miscellaneous				<u>157,274</u>
Subtotal, General Revenues				<u>157,502</u>
 Change in Net Position				 (1,652,945)
 Special Item:				
Transfer of Operations from Mountain BOCES				<u>(1,789,989)</u>
 Change in Net Position after Special Item				 (3,442,934)
 Net Position - Beginning				 <u>-</u>
 Net Position - Ending				 <u>\$ (3,442,934)</u>

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2018

	GOVERNMENTAL FUNDS
	<u>GENERAL FUND</u>
	<u>2018</u>
ASSETS	
Cash and Investments	\$ 1,421,104
Accounts Receivable	638,612
Grants Receivable	781,404
Prepaid Expense	161
TOTAL ASSETS	<u>\$ 2,841,281</u>
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 731,928
Accrued Salaries and Benefits	278,247
TOTAL LIABILITIES	<u>1,010,175</u>
 DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Deferred Inflows - Grants	<u>121,690</u>
 FUND BALANCE	
Restricted Fund Balance:	
Non-Spendable Fund Balance	161
Assigned Fund Balance	533,668
Unassigned	1,175,587
TOTAL FUND BALANCE	<u>1,709,416</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	 <u>\$ 2,841,281</u>

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**Reconciliation of Governmental Fund Balance
to Governmental Activities Net Position
June 30, 2018**

Fund Balance - Governmental Funds		\$	1,709,416
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, being depreciated	1,953,107		
Accumulated depreciation	<u>(885,564)</u>		1,067,543
Certain long-term pension related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds			
Pension Liability			
Net deferred pension outflows	3,358,833		
Net pension liability	(8,878,892)		
Net deferred pension inflows	<u>(613,530)</u>		(6,133,589)
OPEB Liability			
Net deferred OPEB outflows	178,791		
Net OPEB liability	(202,756)		
Net deferred OPEB inflows	<u>(3,392)</u>		(27,357)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Capital lease obligations			<u>(58,947)</u>
Total Net Position - Governmental Activities		\$	<u>(3,442,934)</u>

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018**

	GOVERNMENTAL FUNDS
	<u>GENERAL FUND</u>
	<u>2018</u>
REVENUES	
Local Sources:	
Interest Income	\$ 228
Pupil Activity Revenues	3,810
Community Service Revenue	5,000
Donations	156,823
Member Assessments	2,380,954
Services Provided Outside AU	27,809
Other Local	157,273
Total Local Sources	<u>2,731,897</u>
Intermediate Sources:	
Other Intermediate Source Revenue	<u>30,426</u>
State Sources:	
ECEA	1,813,059
Gifted and Talented	108,336
Expelled and At Risk Students	46,765
Colorado Empowerment Learning	1,020,000
GT Education Universal Screening	35,338
State BOCES Allocation	111,726
Total State Sources	<u>3,140,086</u>
Federal Sources:	
IDEA Part B	1,803,632
IDEA Preschool	36,618
CACFP Grant	6,208
Total Federal Sources	<u>1,846,458</u>
TOTAL REVENUES	<u><u>7,748,867</u></u>
EXPENDITURES	
Local Programs	
Yampah Mountain High School	1,052,751
Executive Leadership	48,200
Human Resources	1,670
Alternative Licensure	9,699
Other General Administrative	208,905
YMHS/TPP Community Liason	15,319
ECE Buell	171,401
AU Affective Needs	56,894
ECE Early Headstart	8,254
YMHS/TPP Post High School Success	96,417
Total Local Programs	<u>1,669,510</u>

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018**

	GOVERNMENTAL FUNDS
	<u>GENERAL FUND</u>
	<u>2018</u>
EXPENDITURES (Continued)	
State Grants:	
ECEA - Special Education	2,909,263
Gifted and Talented	109,735
GT Education Universal Screening	35,112
Grant Writing	46,765
Colorado Empowerment Learning	954,354
School Counselor	4,862
Ctr for Collab Initiative	68,412
Total State Grant Programs	<u>4,128,503</u>
Federal Grants:	
IDEA - Education of the Handicapped	1,803,632
IDEA - Preschool	36,618
CACFP Grant	6,198
Total Federal Grant Expenditures	<u>1,846,448</u>
 TOTAL EXPENDITURES	 <u>7,644,461</u>
 NET CHANGE IN FUND BALANCE	 <u>104,406</u>
 SPECIAL ITEM	
Transfer of Operations from Mountain BOCES	<u>1,605,010</u>
 CHANGE IN FUND BALANCE AFTER SPECIAL ITEM	 1,709,416
FUND BALANCE - Beginning	<u>-</u>
 FUND BALANCE - Ending	 <u>\$ 1,709,416</u>

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**Reconciliation of Governmental Fund Net Change in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2018**

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS		\$ 1,709,416
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:		
Special Item - Transfer of capital assets from Mountain BOCES		1,031,288
Capitalized Assets	97,320	
Depreciation Expense	<u>(61,065)</u>	36,255
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.		
Special Items - Transfer of PERA Pension from Mountain BOCES		(4,189,280)
Special Items - Transfer of PERA OPEB from Mountain BOCES (Restatement)		(159,417)
PERA Liability		
Change in deferred pension outflows	746,428	
Change in net pension liability	(2,237,413)	
Change in deferred pension inflows	<u>(453,324)</u>	(1,944,309)
OPEB Liability		
Change in deferred OPEB outflows	173,817	
Change in net OPEB liability	(38,365)	
Change in deferred OPEB inflows	<u>(3,392)</u>	132,060
Debt principal payments are expensed at the fund level and reduce long-term liabilities at the activity level		
Special Item - Transfer of capital lease payable from Mountain BOCES		(77,590)
Capital lease principal payments		<u>18,643</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ (3,442,934)</u>

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2018

	<u>TOTAL</u> <u>2018</u>
ASSETS	
Cash	\$ <u>194,563</u>
LIABILITIES	
Accounts Payable -	\$ 33,995
Due to Student Groups	<u>160,568</u>
TOTAL LIABILITIES	\$ <u>194,563</u>

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Colorado River 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* and as subsequently 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 have any business-type activities.

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.

Fund Financial Statements

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The BOCES reports the following major governmental fund:

General Fund - This fund is the general operating fund of the BOCES. It is used to account for all financial resources except those required to be accounted for in another fund.

The BOCES also maintains a fiduciary fund, the Pupil Activity Fund, which accounts for resources generated by and utilized for students at the Yampah Mountain High School.

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.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

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

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

- o 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.
- o Public hearings are conducted by the Board to obtain taxpayer comments.
- o Prior to June 30, the budget is adopted by formal resolution.
- o Expenditures may not legally exceed appropriations at the fund level.
- o Revisions that alter the total expenditures of any fund must be approved by the Board.
- o 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 - The BOCES pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest bearing accounts which are comprised of certificates of deposit, savings accounts and money market accounts which are legally authorized. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

The BOCES considers cash and cash equivalents to be all cash on hand, cash on demand deposit and highly liquid investments with a maturity of three months or less when purchased.

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.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

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

Buildings and Site Improvements	10-45 years
Vehicles	3-15 years
Other Equipment	5-20 years

Unearned Revenues - 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 does not offer any vacation, sick leave or other compensated absences that contain vesting provisions that require financial statement disclosure. Vacation is not carried over from fiscal year to fiscal year. Sick leave is carried over but it is not paid out upon termination.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports 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 Note 7 and Note 9.

In addition to liabilities, the statement of financial position reports 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 deferrals as further described in Note 7 and Note 9 as well as unspent grant funding.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Fund balances are 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.

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, are 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. The BOCES has no committed fund balances.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be 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 amounts are shown as unassigned.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance 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 Basic financial statements in order to provide an understanding of changes in the BOCES financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2: CASH AND INVESTMENTS

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The BOCES' deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed 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. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2018, all of the BOCES' deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized (Not in BOCES name)	1,437,055	1,365,667
Total Deposits	<u>\$ 1,687,055</u>	<u>\$ 1,615,667</u>

As the BOCES checking is a combined sweep account the overall bank balance was positive even after taking into account outstanding checks as of June 30, 2018. The remaining portion of the bank account balance is reflected in the Repurchase Agreement category of the investments show below.

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Credit Risk (Continued)

The BOCES investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

The BOCES invests available cash balances overnight through repurchase agreement with its financial institution. This overnight investment is not rated. The BOCES also has funds held in money market mutual funds for the purpose of debt repayment. The rating of these funds is not available.

During the year ended June 30, 2018, the BOCES invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAM by the Standard and Poor's Corporation. As the investment is completely liquid, there is no weighted average maturity.

Concentration of Credit Risk

The BOCES places no limit on the amount that may be invested in any one issuer.

Investments

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. 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, other than those contained in state statutes.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the BOCES will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2018, the BOCES did not have any investments requiring safekeeping.

A summary of the BOCES' cash and investment balances is as follows:

Unrestricted	\$	1,421,104
Fiduciary		194,563
Total Cash and Investments	\$	<u>1,615,667</u>

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 3: CAPITAL ASSETS

Due to time involved in tracking the movement of the BOCES' capital assets by program, depreciation has not been allocated across programs. Activity for capital assets is summarized below:

	Balance	Mountain BOCES				Balance
	<u>7/1/2017</u>	<u>Transfer</u>	<u>Additions</u>	<u>Retirements</u>		<u>6/30/2018</u>
Depreciable assets						
Buildings and site improvements	\$ -	\$ 1,499,281	\$ -	\$ -		\$ 1,499,281
Transportation equipment	-	356,506	97,320	-		453,826
Total assets	-	1,855,787	97,320	-		1,953,107
Accumulated depreciation						
Buildings and site improvements	-	(608,545)	(35,760)	-		(644,305)
Transportation equipment	-	(215,954)	(25,305)	-		(241,259)
Total accumulated depreciation	-	(824,499)	(61,065)	-		(885,564)
Net Capital assets	\$ -	\$ 1,031,288	\$ 36,255	\$ -		\$ 1,067,543
Instruction			\$ 25,583			
Supporting services			35,482			
Total depreciation			\$ 61,065			

NOTE 4: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2018, are \$278,247. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

NOTE 5: LONG-TERM OBLIGATIONS

The BOCES long-term debt transactions for the year ended June 30, 2017, were as follows

	Balance	Mountain BOCES			Balance	Current	Interest
	<u>6/30/17</u>	<u>Transfer</u>	<u>Advances</u>	<u>Payments</u>	<u>6/30/18</u>	<u>Portion</u>	<u>Expense</u>
Net OPEB Liability	\$ -	\$ 164,391	\$ 202,756	\$ -	\$ 202,756	\$ -	\$ -
PERA Net Pension Liability	-	6,641,479	2,237,413	-	8,878,892	-	-
Capital Leases Payable	-	77,590	-	18,643	58,947	19,137	2,056
Total Long-term Liabilities	\$ -	\$ 6,883,460	\$ 2,440,169	\$ 18,643	\$ 9,140,595	\$ 19,137	\$ 2,056

2017 Capital Bus Lease

In 2017, Mountain BOCES entered into a capital lease arrangement for the purchase of a school bus. The lease was for \$98,290 and requires 5 annual payments of \$20,700 through 2021 at 2.65%. The BOCES has capitalized assets with a remaining value of \$78,398 related to this lease. This lease was formally transferred to Colorado River BOCES as of July 1, 2017 as further described in Note 13.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 5: LONG-TERM OBLIGATIONS (Continued)

2017 Capital Bus Lease (Continued)

Future minimum lease payments on the lease are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 20,699
2020	20,700
2021	<u>20,699</u>
Total Payments	62,098
Less Interest at 5.03%	<u>(3,151)</u>
Present Value of Payments	<u>\$ 58,947</u>

NOTE 6: RISK MANAGEMENT

Property and Liability Coverage

The BOCES belongs to the Colorado School District Self Insurance Pool (“CSDSIP”) that was formed in 1981 to give individual school districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function. The coverage provided by CSDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. CSDSIP became self-administered in 1997.

The board of directors is comprised of three persons who are district school board members, superintendents, or district business officials. Each member’s premium contribution is determined by CSDSIP based on factors including, but not limited to, the aggregate CSDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income and reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuarial study is conducted annually. These reports may be obtained by contacting the CSDSIP administrative offices at 6857 South Spruce Street, Centennial, CO 80112. The BOCES has not materially changed its coverage from previous years. The BOCES has not recorded any liability for unpaid claims at June 30, 2018.

CSDSIP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members.

The ultimate liability to the BOCES resulting from claims not covered by the pool is not recently determinable. Management is of the opinion that the final outcome of such claims, of any, will not have a material adverse effect on the BOCES’ financial statements.

Workers Compensation

The BOCES carries commercial insurance for worker’s compensation coverage. Risk of loss transfers to the carrier.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

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

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

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

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

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

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

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from BOCES were \$235,967 for the plan year ended December 31, 2017 and \$276,035 for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the BOCES reported a liability of \$8,878,892 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The BOCES' proportion of the net pension liability was based on BOCES' contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the BOCES' proportion was .027458%, which was an decrease of .005151% from its proportion measured as of December 31, 2016.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended June 30, 2018 the BOCES recognized pension expense of \$2,056,565. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 153,710	\$ -
Changes of assumptions or other inputs	\$ 1,970,921	\$ (76,549)
Net difference between projected and actual earnings on pension plan	\$ 150,208	\$ (524,702)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 1,083,994	\$ (12,279)
Contributions subsequent to the measurement date	\$ 163,779	\$ -
Total	\$ 3,522,612	\$ (613,530)

\$163,779 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Fiscal Year Total
2019	1,571,726
2020	1,113,565
2021	191,188
2022	(131,176)
Total	\$ 2,745,303

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

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NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

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

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: 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's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78%) or 1-percentage-point higher (5.78%) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension asset (liability)	\$ (11,215,550)	\$ (8,878,892)	\$ (6,974,782)

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

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

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

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

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

At June 30, 2018, the BOCES reported a liability of \$8,878,892 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the BOCES's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$4,011,406

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$4,144,722 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

NOTE 8: 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 year ended June 30, 2018 program members contributed \$40,780.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 9: POSTEMPLOYMENT HEALTHCARE BENEFITS

Health Care Trust Fund

Summary of Significant Accounting Policies

OPEB. 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.

Plan Description.

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

Benefits Provided

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

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan

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.

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.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from BOCES were \$12,919 for the plan year ended December 31, 2017 and \$14,915 for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the BOCES reported a liability of \$202,756 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The BOCES's proportion of the net OPEB liability was based on BOCES's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the BOCES's proportion was 0.015601%, which was an increase of 0.002922% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the BOCES recognized OPEB expense of \$20,252. At June 30, 2018, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 959	\$ -
Net difference between projected and actual earnings on pension plan	\$ -	\$ (3,392)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 31,666	\$ -
Contributions subsequent to the measurement date	\$ 8,769	\$ -
Total	\$ 41,394	\$ (3,392)

\$8,769 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Year Ended June 30:	Fiscal Year Totals
2019	\$ 5,562
2020	5,562
2021	5,562
2022	5,561
2023	6,409
2024	577
Total	\$ 29,233

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

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

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

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.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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's 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:

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 9: 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	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Proportionate share of the net OPEB asset (liability)	\$ (197,178)	\$ (202,756)	\$ (209,475)

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

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

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.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 9: 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's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (222,452)	\$ (197,855)	\$ (176,862)

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

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

Claims and Judgments - The BOCES participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units and are subject to the various rules and regulations of the grantor agencies. Expenditures financed by grants are subject to audit and adjustment by the appropriate grantor agency. If expenditures are disallowed due to noncompliance with grant program regulations, the BOCES may be required to reimburse the grantor government. In the opinion of the BOCES, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

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, a BOCES will be impacted to the degree that their member districts are impacted by the restrictions of TABOR. A BOCES does not need to maintain emergency reserves required by TABOR, and expenditures can fluctuate independently of TABOR.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 11: FUND BALANCE ASSIGNMENTS

Based on an analysis of program operations, the BOCES has assigned a portion of its year end fund balance for the following programs and activities:

Assigned - TPP Aspen Valley Med	\$	9,860
Assigned - TPP Women's Foundations		17,409
Assigned - TPP Aspen Comm Foundation		28,816
Assigned - TPP Temple Buell		16,344
Assigned - TPP Aspen Comm Arches		359
Assigned - TPP Aspen Comm Kaplan		1,761
Assigned - TPP Hemera Foundation		9,600
Assigned - Head Start		118,249
Assigned - NSTA		366
Assigned - YMHS Whole Kids		489
Assigned - Teen Parent		41,053
Assigned - YMHS Alternative Program		85,000
Assigned - Rebound		26,307
Assigned - YMHS Capital Reserve		135,989
Assigned - Technology		11,026
Assigned - Transportation		31,040
Total Assigned Fund Balance	\$	<u>533,668</u>

NOTE 12: DEFICIT NET POSITION

The Governmental Activities has an overall deficit net position of \$(3,442,934) and an unrestricted net position deficit of \$(4,451,530), primarily due to the PERA net pension liability of \$8,878,892, as further described in Note 7 and the net OPEB liability of \$(202,756), as further described in Note 9. As the BOCES has no control over pension benefits or contribution rates, the BOCES expects this deficit net position to continue for the foreseeable future.

NOTE 13: TRANSFER OF OPERATIONS TO COLORADO RIVER BOCES

Pursuant to GASB Statement Number 69 – Government Combinations and Disposals of Government Operation, effective July 1, 2017, Mountain BOCES transferred operations of the West Group school districts: Roaring Fork School District R-1, Garfield County School District Re-2, and Garfield County School District No. 16 to a newly formed Colorado River Board of Cooperative Educational Services (“BOCES”). The BOCES retained the operations of the East Group school districts: Buena Vista School District R-31, Lake County School District R1, Park County School District Re-2, and Salida School District R-32-J.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 13: TRANSFER OF OPERATIONS TO COLORADO RIVER BOCES(Continued)

Pursuant to an Intergovernmental Agreement between Mountain BOCES and Colorado River BOCES, Mountain BOCES owned various assets and operated programs and functions, some of which could be divided relatively easily, but some of which would be impractical to divide, and which would therefore be allocated either to Mountain BOCES or Colorado River BOCES in the separation.

Mountain BOCES reports a special item in the financial statements equal to the fund balance of the operations disposed of pursuant to the Intergovernmental Agreement. The allocation of governmental fund balance pursuant to the agreement is as follows:

	Colorado River BOCES	Mountain BOCES	Total
Directly Assigned Equity	\$ 533,668	\$ 72,620	\$ 606,288
Indirectly Allocated Equity	1,071,342	339,852	1,411,194
Total Allocated Equity	<u>\$ 1,605,010</u>	<u>\$ 412,472</u>	<u>\$ 2,017,482</u>

In addition, Mountain BOCES held \$204,689 of deferred grant inflows as of June 30, 2017. These balances were allocated \$110,455 to Colorado River BOCES and \$94,234 to Mountain BOCES.

Of the amount owed to Colorado River BOCES for June 30, 2017 balances, \$500,000 had been provided as a deposit as of June 30, 2017. Mountain BOCES remitted an additional \$100,000 in September 2017 and another \$500,000 in April 2018 leaving an additional \$615,465 to be remitted for fiscal year 2017 as of June 30, 2018.

Mountain BOCES transferred the entire Pupil Activity Fund operation to Colorado River BOCES in the amount of \$145,770. The Mountain BOCES Pupil Activity Fund owed the Mountain BOCES General Fund \$33,995 at June 30, 2017. This amount is currently owed by Colorado River BOCES to Mountain BOCES at year end.

For the governmental activities presentation, Mountain BOCES transferred a net \$1,031,288 of capital assets, primarily consisting of the Yampah Mountain High School building and transportation equipment. Colorado River also assumed a transportation equipment lease in the amount of \$77,590 related to those capital assets. Colorado River BOCES also assumed \$4,216,098 of the \$8,308,464 June 30, 2017 PERA net pension liability and related deferred outflows and inflows.

There were also various transactions that occurred during fiscal year 2018 that were related to West Group operations that still need to be remitted at year end. These amounted to an additional \$17,800 to be remitted.

The Intergovernmental Agreement requires that Mountain BOCES establish a \$300,000 Contingency Escrow account to cover any unforeseen liabilities of Mountain BOCES arising prior to July 1, 2017. Any remaining amounts in this account as of July 1, 2020 will be allocated between the two BOCES pursuant to the agreement. Mountain BOCES has restricted cash and equity in the financial statements to satisfy this reserve.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 14: PRIOR PERIOD RESTATEMENT – ADJUSTMENT TO SPECIAL ITEM

For the fiscal year, the BOCES adopted GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement places a long-term obligation, as well as related deferred outflows and inflows, on the Statement of Net Position related to future postemployment benefit obligations. The BOCES has restated the beginning net position for the governmental activities via an adjustment to the special item transfer from Mountain BOCES, discussed in Note 13, for those balances that were applicable as of June 30, 2017. This restatement resulted in a net decrease in the Special Item – Transfer of Operations of \$159,417.

REQUIRED SUPPLEMENTARY INFORMATION
(Pension Schedules - Unaudited)

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

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

	<u>6/30/18</u>	<u>Restated 6/30/17</u>
BOCES' proportion of the net pension asset (liability)	0.027458%	0.022306%
BOCES' proportionate share of the net pension asset (liability)	\$ (8,878,892)	\$ (6,641,479)
BOCES' covered payroll	\$ 1,266,598	\$ 1,001,151
BOCES' proportionate share of the net pension asset (liability) as a percentage of covered payroll	701.00%	663.38%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%

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

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

See the accompanying Independent Auditors' Report.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

SCHEDULE OF BOCES CONTRIBUTIONS

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

	<u>6/30/18</u>	<u>Restated 6/30/17</u>
Contractually required contributions	\$ 235,967	\$ 181,509
Actual contributions	<u>(235,967)</u>	<u>(181,509)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
BOCES' covered payroll	\$ 1,266,598	\$ 1,001,151
Contributions as a percentage of covered payroll	18.63%	18.13%

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

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

See the accompanying Independent Auditors' Report.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

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

	<u>06/30/18</u>	<u>06/30/17</u>
BOCES' proportion of the net pension asset (liability)	0.015601%	0.012679%
BOCES' proportionate share of the net pension asset (liability)	\$ (202,756)	\$ (164,391)
BOCES' covered payroll	\$ 1,266,598	\$ 1,001,151
BOCES' proportionate share of the net pension asset (liability) as a percentage of covered payroll	16.01%	16.42%
Plan fiduciary net position as a percentage of the total pension liability	17.53%	16.70%

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

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

See the accompanying Independent Auditors' Report.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**SCHEDULE OF BOCES CONTRIBUTIONS
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

	<u>06/30/18</u>	<u>06/30/17</u>
Contractually required contributions	\$ 12,919	\$ 10,212
Actual contributions	<u>(12,919)</u>	<u>(10,212)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
BOCES' covered payroll	\$ 1,266,598	\$ 1,001,151
Contributions as a percentage of covered payroll	1.02%	1.02%

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

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

See the accompanying Independent Auditors' Report.

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BUDGETARY COMPARISON SCHEDULE
(Required Supplementary Information)

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
For the Year Ended June 30, 2018

	2018			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	
	BUDGET	BUDGET		
REVENUES				
Local Sources:				
Interest Income	\$ -	\$ -	\$ 228	\$ 228
Pupil Activity Revenues	-	-	3,810	3,810
Community Service Revenue	-	-	5,000	5,000
Donations	85,000	85,000	156,822	71,822
Member Assessments	2,372,631	2,372,631	2,380,955	8,324
Services Provided Outside AU	28,000	28,000	27,809	(191)
Other Local	-	-	157,273	157,273
Total Local Sources	<u>2,485,631</u>	<u>2,485,631</u>	<u>2,731,897</u>	<u>246,266</u>
Intermediate Sources:				
Other Intermediate Source Revenue	-	-	30,426	30,426
State Sources:				
ECEA	1,810,893	1,810,893	1,813,059	2,166
Gifted and Talented	108,336	108,336	108,336	-
Expelled and At Risk Students	-	-	46,765	46,765
Colorado Empowerment Learning	1,020,000	1,020,000	1,020,000	-
School Counselor Grant	-	-	4,862	4,862
GT Education Universal Screening	-	-	35,338	35,338
State BOCES Allocation	111,000	111,000	111,726	726
Total State Sources	<u>3,050,229</u>	<u>3,050,229</u>	<u>3,140,086</u>	<u>89,857</u>
Federal Sources:				
IDEA Part B	1,818,421	1,818,421	1,803,632	(14,789)
IDEA Preschool	38,778	38,778	36,618	(2,160)
CACFP Grant	7,000	7,000	6,208	(792)
Total Federal Sources	<u>1,864,199</u>	<u>1,864,199</u>	<u>1,846,458</u>	<u>(17,741)</u>
TOTAL REVENUES	<u>7,400,059</u>	<u>7,400,059</u>	<u>7,748,867</u>	<u>348,808</u>
EXPENDITURES				
Instruction:				
Salaries	735,108	735,108	804,237	(69,129)
Benefits	291,317	291,317	301,312	(9,995)
PS - Professional	94,186	94,186	5,232	88,954
PS - Property	375	375	5,428	(5,053)
PS - Other	1,966,344	1,966,344	2,016,585	(50,241)
Supplies	14,747	14,747	18,115	(3,368)
Property	21,900	21,900	777	21,123
Other Expenses	6,000	6,000	4,581	1,419
Total Instruction	<u>3,129,977</u>	<u>3,129,977</u>	<u>3,156,267</u>	<u>(26,290)</u>
Support Services:				
Pupil Support:				
Salaries	105,500	105,500	194,974	(89,474)
Benefits	26,034	26,034	66,098	(40,064)
PS - Professional	-	-	4,063	(4,063)
PS - Property	1,000	1,000	1,227	(227)
PS - Other	1,706,498	1,706,498	1,685,328	21,170
Supplies	1,000	1,000	990	10
Property	3,000	3,000	2,362	638
Other Expenses	5,000	5,000	1,544	3,456
Total Pupil Support	<u>1,848,032</u>	<u>1,848,032</u>	<u>1,956,586</u>	<u>(108,554)</u>

(Continued)

See the Accompanying Independent Auditors' Report.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
For the Year Ended June 30, 2018**

	2018			VARIANCE WITH FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
EXPENDITURES (Continued)				
Support Services (Continued):				
Staff Support:				
Salaries	303,435	303,435	291,256	12,179
Benefits	86,194	86,194	84,298	1,896
PS - Professional	1,102,251	1,102,251	410,130	692,121
PS - Other	35,900	35,900	578,586	(542,686)
Supplies	47,996	47,996	44,036	3,960
Property	12,000	12,000	8,625	3,375
Other Expenses	17,250	17,250	3,984	13,266
Total Staff Support	<u>1,605,026</u>	<u>1,605,026</u>	<u>1,420,915</u>	<u>184,111</u>
General Administration:				
Salaries	14,000	14,000	14,000	-
Benefits	3,858	3,858	3,864	(6)
PS - Professional	21,000	21,000	5,182	15,818
PS - Other	1,000	1,000	12,447	(11,447)
Supplies	2,000	2,000	1,648	352
Other Expenses	6,250	6,250	135,708	(129,458)
Total General Administration	<u>48,108</u>	<u>48,108</u>	<u>172,849</u>	<u>(124,741)</u>
School Administration:				
Salaries	179,602	179,602	164,195	15,407
Benefits	55,689	55,689	50,458	5,231
Supplies	21,374	21,374	1,930	19,444
Total School Administration	<u>256,665</u>	<u>256,665</u>	<u>216,583</u>	<u>40,082</u>
Business Administration:				
Salaries	85,000	85,000	77,239	7,761
Benefits	26,983	26,983	24,490	2,493
PS - Professional	15,362	15,362	284	15,078
PS - Other	500	500	14,337	(13,837)
Supplies	10,500	10,500	33,385	(22,885)
Total Business Administration	<u>138,345</u>	<u>138,345</u>	<u>149,735</u>	<u>(11,390)</u>
Operations and Maintenance:				
Salaries	13,108	13,108	4,284	8,824
Benefits	-	-	915	(915)
PS - Property	54,300	54,300	45,101	9,199
Total Operations and Maintenance	<u>67,408</u>	<u>67,408</u>	<u>50,300</u>	<u>17,108</u>
Transportation:				
Salaries	50,362	50,362	41,507	8,855
Benefits	12,114	12,114	9,218	2,896
PS - Property	-	-	1,060	(1,060)
PS - Other	7,000	7,000	57,887	(50,887)
Property	-	-	98,261	(98,261)
Total Transportation	<u>69,476</u>	<u>69,476</u>	<u>207,933</u>	<u>(138,457)</u>

(Continued)

See the Accompanying Independent Auditors' Report.

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
For the Year Ended June 30, 2018**

	2018			VARIANCE WITH FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
EXPENDITURES (Continued)				
Support Services (Continued):				
Other Central Support:				
PS - Professional	-	-	4,314	(4,314)
PS - Other	29,000	29,000	29,700	(700)
Supplies	1,000	1,000	6,035	(5,035)
Total Other Central Support	<u>30,000</u>	<u>30,000</u>	<u>40,049</u>	<u>(10,049)</u>
Risk Management				
PS - Professional	5,000	5,000	102	4,898
PS - Other	34,046	34,046	58,545	(24,499)
Total Risk Management	<u>39,046</u>	<u>39,046</u>	<u>58,647</u>	<u>(19,601)</u>
Other Support Services:				
Salaries	110,730	110,730	106,953	3,777
Benefits	68,498	68,498	63,378	5,120
PS - Professional	-	-	98	(98)
PS - Other	6,000	6,000	1,831	4,169
Supplies	-	-	121	(121)
Total Other Support Services	<u>185,228</u>	<u>185,228</u>	<u>172,381</u>	<u>12,847</u>
Community Support:				
Salaries	11,000	11,000	12,623	(1,623)
Benefits	-	-	2,696	(2,696)
Total Community Support	<u>11,000</u>	<u>11,000</u>	<u>15,319</u>	<u>(4,319)</u>
Total Support Services	<u>4,298,334</u>	<u>4,298,334</u>	<u>4,461,297</u>	<u>(162,963)</u>
Food Service	-	-	6,198	(6,198)
Debt Service	-	-	20,700	(20,700)
Special Items	-	-	(1,605,010)	1,605,010
TOTAL EXPENDITURES	<u>7,428,311</u>	<u>7,428,311</u>	<u>6,039,452</u>	<u>1,388,859</u>
CHANGE IN FUND BALANCE	<u>(28,252)</u>	<u>(28,252)</u>	<u>1,709,415</u>	<u>1,737,667</u>
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	<u>\$ (28,252)</u>	<u>\$ (28,252)</u>	<u>\$ 1,709,415</u>	<u>\$ 1,737,667</u>

See the Accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

COLORADO RIVER BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**PUPIL ACTIVITY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2018**

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Receipts	\$ -	\$ 83,739	\$ 83,739
Disbursements	<u>84,000</u>	<u>68,941</u>	<u>15,059</u>
Special Item	<u>-</u>	<u>145,770</u>	<u>145,770</u>
Net Receipts (Disbursements)	<u>\$ (84,000)</u>	160,568	<u>\$ 244,568</u>
CASH IN BANK, Beginning		<u>-</u>	
CASH IN BANK, Ending		<u>\$ 160,568</u>	

See the accompanying Independent Auditors' Report.

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 9175 - COLORADO RIVER BOCES
 Fiscal Year 2017-18
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	0		9,353,877		7,644,461		1,709,416
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
Sub- Total	0		9,353,877		7,644,461		1,709,416
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		229,509		68,941		160,568
79 GASB 34:Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	0		229,509		68,941		160,568

FINAL



Colorado Department of Education

Bolded Balance Sheet Report

District: 9175 - COLORADO RIVER BOCES

Fiscal Year 2017-18

Colorado School District/BOCES

ASSETS	Governmental										Proprietary					Fiduciary			Totals
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals				
Cash and Investments (8100-8104,8111)	1,421,104	0	0	0	0	0	0	0	0	0	0	194,564	0	1,615,667					
Grants Accounts Receivable (8142)	781,405	0	0	0	0	0	0	0	0	0	0	0	0	781,405					
Other Receivables (8151-8154,8161)	638,612	0	0	0	0	0	0	0	0	0	0	0	0	638,612					
Prepaid Expenses 8181,8182)	161	0	0	0	0	0	0	0	0	0	0	0	0	161					
Total Assets	2,841,281	0	0	0	0	0	0	0	0	0	0	194,564	0	3,035,845					

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	161	0	0	0	0	0	0	0	0	0	0	0	0	0	161
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	533,668	0	0	0	0	0	0	0	0	0	0	0	0	0	533,668
Unassigned Fund Balance 6770	1,175,587	0	0	0	0	0	0	0	0	0	0	0	160,568	0	1,336,155
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	1,709,416	0	0	0	0	0	0	0	0	0	0	0	160,568	0	1,869,984

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	2,841,281	0	0	0	0	0	0	0	0	0	0	0	194,564	0	3,035,845
Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes