

**MOUNT EVANS BOARD OF COOPERATIVE  
EDUCATIONAL SERVICES**

**BLACK HAWK, COLORADO**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORTS**

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

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## **INTRODUCTORY SECTION**

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**ROSTER OF OFFICIALS**

**June 30, 2018**

**BOARD MEMBERS**

Gilpin School District RE -1:  
Steve Boulter

Clear Creek School District RE -1:  
Joseph O'Leary  
Nicolai Hoffman

Platte Canyon School District RE -1:  
Katie Spodyak  
Frank VanDeHey

**SUPERINTENDENTS**

Roslin Marshall – Clear Creek School District RE-1

Dr. David MacKenzie – Gilpin County School District RE-1

Dr. Brenda Krage– Platte Canyon School District RE-1

**ADMINISTRATIVE**

Dr. Terri Jones – Executive Director

Terry Scharg – Business Manager

**INTRODUCTORY SECTION**

Roster of Officials

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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 Mt. Evans BOCES' (the "BOCES") financial performance provides an overall review of the BOCES' financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the BOCES' financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, and budgetary comparison schedules to broaden their understanding of the BOCES financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, issued June 1999.

Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### **Financial Highlights**

The Mt. Evans BOCES came into existence in July 1997. The BOCES was formed primarily to assist member districts to provide educational services to children identified in the Exceptional Children's Education Act by providing oversight of such programs and by distributing available state and federal grant monies. The BOCES distributed \$717,402 to member districts during the twelve months ended June 30, 2018.

The BOCES restructured for the 2014-15 fiscal year. As a result of the restructuring, special service providers, such as occupational therapists, psychologists, and speech pathologists are BOCES employees and not employees of the member districts. This structure allows for more flexibility in meeting the needs of the districts and is in line with how other BOCES are structured.

### **Using the Basic Financial Statements**

The basic financial statements consist of the Management Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can first understand the BOCES as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the BOCES' overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the BOCES' operations in more detail. The governmental fund statements tell how general BOCES services were financed in the short term as well as what remains for future spending. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

### **Financial Analysis of the BOCES as a Whole**

The BOCES' ending net position was (\$3,010,380) as of June 30, 2018, which represents an increase of (\$1,243,535) from the preceding fiscal year. The BOCES has a negative net position as a result of the BOCES reporting their proportionate share of the net pension liability in compliance with GASB 68, as well as their proportionate share of Other Post-Employment Benefits (OPEB). Detailed information about the Defined Benefit Pension Plan can be found in Note 6 to the financial statements on pages 16-24 and detailed information regarding OPEB can be found in Note 7 to the financial statements on pages 25-35.

The BOCES' cash position at year end was \$343,139.

### **Government-Wide Financial Statements**

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

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

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

**Governmental Activities** – All of the BOCES' programs and services are reported here including instruction, support services, and grant activities.

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

	Governmental Activities	
	2018	2017
Current Assets	\$ 628,442	\$ 480,404
Non Current Assets	8,554	-
Deferred Outflow of Financial Resources	1,445,528	1,917,760
<b>Total Assets and Deferred Outflows</b>	<b>2,082,524</b>	<b>2,398,164</b>
Current Liabilities	377,386	256,756
Noncurrent Liabilities	4,373,517	3,842,634
Deferred Inflows of Financial Resources	342,001	65,619
<b>Total Liabilities and Deferred Outflows</b>	<b>5,092,904</b>	<b>4,165,009</b>
Net Assets Invested in Capital Assets, Net of Related Debt	8,554	-
Unrestricted Net Position	\$ (3,018,934)	\$ (1,766,845)
<b>Total Net Position</b>	<b>\$ (3,010,380)</b>	<b>\$ (1,766,845)</b>

A summary of the BOCES' activity and changes in net position is as follows:

	Governmental Activities	
	2018	2017
Program Revenues:		
Operating Grants	\$ 1,670,701	\$ 1,696,743
General Revenues:		
Investment Earnings	152	85
Miscellaneous	778	2,769
<b>Total General Revenues</b>	<b>930</b>	<b>2,854</b>
<b>Total Revenues</b>	<b>1,671,631</b>	<b>1,699,597</b>
Expenses		
Instruction	1,134,942	1,086,764
Supporting Services	1,688,573	1,649,418
<b>Total Expenses</b>	<b>2,823,515</b>	<b>2,736,182</b>
Change in Net Position	(1,151,884)	(1,036,585)
Net Position - Beginning	(1,766,845)	(730,260)
Prior Period Restatement	(91,651)	-
Net Position Beginning (Restated)	(1,858,496)	(730,260)
<b>Net Position - Ending</b>	<b>\$ (3,010,380)</b>	<b>\$ (1,766,845)</b>

Operating grants included funds from both state and federal sources. State and federal grant revenue was \$833,376 and \$467,901, respectively.

### Reporting the BOCES' Most Significant Fund

The analysis of the BOCES' major funds begins on page three. Fund financial statements provide detailed information about the BOCES' major funds. The BOCES' only fund is the General Fund.

**Governmental Funds.** Most of BOCES' activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short - term view of the BOCES' general government operations and the basic services it provides. Governmental fund information helps 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 is reconciled in the financial statements of the Governmental Funds. The BOCES' governmental fund is the General Fund. The General Fund accounts for all of BOCES' instruction and support operations.

### Fund Financial Statements

As of June 30, 2018, the BOCES' governmental fund reported an assigned fund balance of \$16,189 for gifted and talented expenses and an unassigned fund balance of \$153,185. The unassigned fund balance at year end was the result of amounts retained to cover BOCES administrative expenses.

### Capital Assets

As of June 30, 2018 the BOCES had capital assets of \$8,554.

	<u>Balance</u>			<u>Balance</u>
	<u>06/30/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/18</u>
<b>Governmental Activities:</b>				
Capital Assets, being depreciated:				
Machinery and Equipment	-	9,505	-	9,505
Total Capital Assets	-	9,505	-	9,505
Accumulated Depreciation:				
Machinery and Equipment	-	(951)	-	(951)
Total Accum. Depreciation	-	(951)	-	(951)
<b>Net Governmental Capital Assets</b>	<b>\$ -</b>	<b>\$ 8,554</b>	<b>\$ -</b>	<b>\$ 8,554</b>

## Debt Administration

As of June 30, 2018 the BOCES had the following long term debt.

	<b>Restated Balance 6/30/17</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/18</b>
PERA Net OPEB Liability	91,651	5,790	-	97,441
PERA Net Pension Liability	3,832,644	434,402	-	4,267,046
Accrued Compensated Absences	9,990	-	960	9,030
<b>Total Long Term Obligations</b>	<b>\$ 3,934,285</b>	<b>\$ 440,192</b>	<b>\$ 960</b>	<b>\$ 4,373,517</b>

## General Fund Budget

The Board of Director's adopts the BOCES' budget in June of each year. Changes are then made in December when State and Federal allocations are known. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional revenues are received.

## The Future of the BOCES

The BOCES does not anticipate any changes in its operations during the next fiscal year. Any changes in operations would be directly attributable to modifications of grant funding.

## Requests for information

This financial report is designed to provide a general overview of the BOCES' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, 10595 Highway 119, Black Hawk, CO 80422.

# Holscher, Mayberry & Company, LLC

Certified Public Accountants

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

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Board of Directors  
Mount Evans Board of Cooperative Educational Services  
Black Hawk, Colorado

## Independent Auditors' Report

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Mount Evans Board of Cooperative Educational Services (Mt. Evans BOCES), 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Mt. Evans BOCES, as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited the Mt. Evans BOCES' 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Emphasis of Matter**

As discussed in Note 11 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 (Unaudited)***

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M5 and pension schedules on 38-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Required Supplementary Information – Budgetary Comparison Schedule***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on pages 42 - 43 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 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 pages 44-47 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.



Englewood, CO  
November 7, 2018

## **Basic Financial Statements**

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**STATEMENT OF NET POSITION**

June 30, 2018

	<u>GOVERNMENTAL ACTIVITIES 2018</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 343,139
Grants Receivable	285,303
Total Current Assets	<u>628,442</u>
Capital Assets	9,505
Accumulated Depreciation	<u>(951)</u>
Total Noncurrent Assets	8,554
<b>TOTAL ASSETS</b>	<u><b>636,996</b></u>
<b>DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	
Net Pension Deferred Outflows	1,440,058
Net OPEB Deferred Outflows	<u>5,470</u>
<b>TOTAL DEFERRED OUTFLOWS</b>	<u><b>1,445,528</b></u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u><b>\$ 2,082,524</b></u>
<b>LIABILITIES, DEFERRED INFLOWS OF FINANCIAL RESOURCES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 285,354
Accrued Salaries and Benefits	<u>92,032</u>
Total Current Liabilities	<u><b>377,386</b></u>
Noncurrent Liabilities	
Accrued Compensated Absences	9,030
PERA Net Pension Liability	4,267,046
HCTF Net OPEB Liability	<u>97,441</u>
Total Noncurrent Liabilities	<u><b>4,373,517</b></u>
<b>TOTAL LIABILITIES</b>	<u><b>4,750,903</b></u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>	
Deferred Grant Revenues	81,682
Net Pension Deferred Inflows	258,689
Net OPEB Deferred Inflows	<u>1,630</u>
<b>TOTAL DEFERRED INFLOWS</b>	<u><b>342,001</b></u>
<b>NET POSITION</b>	
Invested in Capital Assets Net of Related Debt	8,554
Unrestricted	<u>(3,018,934)</u>
<b>TOTAL NET POSITION</b>	<u><b>(3,010,380)</b></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u><b>\$ 2,082,524</b></u>

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

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**STATEMENT OF ACTIVITIES**

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

	<u>EXPENSES</u>	<u>PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION GOVERNMENTAL ACTIVITIES TOTAL</u>
FUNCTIONS/PROGRAMS			
PRIMARY GOVERNMENT:			
GOVERNMENTAL ACTIVITIES:			
Current:			
Instruction	\$ 1,134,942	\$ 870,716	\$ (264,226)
Supporting Services	<u>1,688,573</u>	<u>799,985</u>	<u>(888,588)</u>
 TOTAL PRIMARY GOVERNMENT	 <u>\$ 2,823,515</u>	 <u>\$ 1,670,701</u>	 (1,152,814)
 GENERAL REVENUES:			
Investment Earnings			152
Miscellaneous			<u>778</u>
 Total General Revenues			 <u>930</u>
 Change in Net Position			 <u>(1,151,884)</u>
 Net Position - Beginning			 (1,766,845)
Prior Period Resatement			<u>(91,651)</u>
Net Position - Beginning (As Restated)			<u>(1,858,496)</u>
 Net Position - Ending			 <u>\$ (3,010,380)</u>

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

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2018**

**With Comparative Totals for June 30, 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and Investments	\$ 343,139	\$ 329,336
Accounts Receivable	-	1,481
Grants Receivable	285,303	149,587
<b>TOTAL ASSETS</b>	<u>\$ 628,442</u>	<u>\$ 480,404</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 285,354	\$ 171,172
Accrued Salaries and Benefits	92,032	85,584
<b>TOTAL LIABILITIES</b>	<u>377,386</u>	<u>256,756</u>
<b>DEFERRED INFLOWS</b>		
Deferred Grant Revenue	<u>81,682</u>	<u>48,301</u>
<b>FUND EQUITY</b>		
Assigned for Local Gifted and Talented	16,189	38,945
Unassigned	<u>153,185</u>	<u>136,402</u>
<b>TOTAL FUND EQUITY</b>	<u>169,374</u>	<u>175,347</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 628,442</u>	<u>\$ 480,404</u>
<b>Reconciliation of Governmental Fund Balance to Governmental Activities Net Position:</b>		
Fund Balance - Governmental Funds	\$ 169,374	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, being depreciated	9,505	
Accumulated depreciation	(951)	
Certain long-term pension and OPEB related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds		
<b>PERA Pension Liability</b>		
Net PERA pension deferred outflows	1,440,058	
Net pension liability	(4,267,046)	
Net PERA pension deferred inflows	(258,689)	
<b>PERA OPEB Liability</b>		
Net OPEB deferred outflows	5,470	
Net OPEB liability	(97,441)	
Net OPEB deferred inflows	(1,630)	
Long-term liabilities are not due and payable in the current year and are, therefore, not reported in the funds.		
Accrued Compensated Absences	<u>(9,030)</u>	
<b>Net Position - Governmental Activities</b>	<u>\$ (3,010,380)</u>	

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

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

**For the Year Ended June 30, 2018**  
**With Comparative Totals for the Year Ended June 30, 2017**

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Local Sources:		
Interest Income	\$ 152	\$ 85
Member Assessments	369,424	382,563
Other Local	<u>778</u>	<u>2,769</u>
Total Local Sources	<u>370,354</u>	<u>385,417</u>
Intermediate Sources:		
State Sources:		
ECEA	629,421	573,545
Gifted and Talented	112,532	129,420
State Counselor Grant	2,128	-
Gifted and Talented Universal Screening	-	27,000
Implementing State Educational Priorities	<u>89,295</u>	<u>99,986</u>
Total State Sources	<u>833,376</u>	<u>829,951</u>
Federal Sources:		
IDEA Part B	441,199	457,527
IDEA Preschool	<u>26,702</u>	<u>26,702</u>
Total Federal Sources	<u>467,901</u>	<u>484,229</u>
<b>TOTAL REVENUES</b>	<u>1,671,631</u>	<u>1,699,597</u>
<b>EXPENDITURES</b>		
Local and State Programs:		
ECEA - Special Education	976,927	900,428
Gifted and Talented	75,002	69,038
GERC	66,351	83,482
Implementing Educational Priorities	89,295	99,986
School Counselor/Grant Writing	2,128	-
Gifted and Talented Universal Screening	<u>-</u>	<u>27,000</u>
Total Local and State Programs	<u>1,209,703</u>	<u>1,179,934</u>
Federal Grants:		
IDEA - Education of the Handicapped	441,199	457,527
IDEA - Preschool	<u>26,702</u>	<u>26,702</u>
Total Federal Grants	<u>467,901</u>	<u>484,229</u>
<b>TOTAL EXPENDITURES</b>	<u>1,677,604</u>	<u>1,664,163</u>
<b>CHANGE IN FUND BALANCE</b>	(5,973)	35,434
<b>FUND BALANCE - Beginning</b>	<u>175,347</u>	<u>139,913</u>
<b>FUND BALANCE - Ending</b>	<u>\$ 169,374</u>	<u>\$ 175,347</u>

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

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**RECONCILIATION OF GOVERNMENTAL CHANGES IN FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION**

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

Reconciliation of Governmental Change in Fund Balance to Governmental Activities  
Change in Net Position:

Governmental Funds Change in Fund Balance		\$	(5,973)
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized asset purchases	9,505		
Depreciation expense	<u>(951)</u>		8,554
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.			
<b>PERA Pension Liability</b>			
Net change in PERA pension deferred outflows	(477,702)		
Change in net pension liability	(434,402)		
Net change in PERA pension deferred inflows	<u>(241,371)</u>		(1,153,475)
<b>PERA OPEB Liability</b>			
Net change in OPEB deferred outflows	2,255		
Change in net OPEB liability	(2,575)		
Net change in OPEB deferred inflows	<u>(1,630)</u>		<u>(1,950)</u>
Governmental Activities Change in Net Position		\$	<u><u>(1,152,844)</u></u>

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

# MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Mt. Evans Board of Cooperative Educational Services (the BOCES) conform to generally accepted accounting principles as applicable to governmental units. A summary of the more significant policies is provided below.

#### **Reporting Entity**

In evaluating how to define the BOCES 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 specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues would include:

- (1) fees and charges paid by the recipients of goods or services offered by the programs and
- (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

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

Fund Financial Statements The fund financial statements provide information about the BOCES' funds. Separate statements would be presented for each applicable fund category (governmental, proprietary and fiduciary, as applicable).

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

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

**Basis of Presentation (Continued)**

The BOCES reports one 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.

**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.

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 procedures listed below in establishing the budgetary data reflected in the financial statements.

- Budgets are required by state law for all funds. By May 31, the Executive Director submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2018

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

**Measurement Focus and Basis of Accounting** (Continued)

- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board.
- Budgeted amounts reported in the accompanying financial statements are as adopted or amended by the Board.

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

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 no shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds.

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

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

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

Unearned Revenues Unearned revenues include governmental grants that have been received, but not yet earned, since service has not been provided.

Deferred outflows/inflows of resources In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 items that qualify for reporting in this category, all related to outstanding pension and OPEB obligations and further described in Notes 6 and 7.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 pension and OPEB related deferrals as further described in Notes 6 and 7 as well as grant deferrals.

**MOUNT EVANS 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 Equity/Net Position In the government-wide financial statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted. The BOCES net position are all considered unrestricted.

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

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

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, and at their highest level of action 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.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All other remaining governmental balances are reported as unassigned.

**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.

**MOUNT EVANS 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)

**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.

Vacation, Sick Leave, and Other Compensated Absences The BOCES offers vacation and sick leave compensated absences pursuant to Gilpin County School District RE-1 personnel policies. These balances were recorded as noncurrent obligations of the governmental activities at June 30, 2018.

**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.

**NOTE 2: CASH AND INVESTMENTS**

The following is a reconciliation of cash on the statement of net position to the summary of cash and investments shown below:

Deposits	\$ 333,233
Investments	9,906
<b>Governmental Activities Total</b>	<b><u>\$ 343,139</u></b>

**MOUNT EVANS 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 Amount</u>
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized	87,199	83,233
<b>Total Cash</b>	<b><u>\$ 337,199</u></b>	<b><u>\$ 333,233</u></b>

**Investments**

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

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

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

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

**Investments(Continued)**

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. Colotrust 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. The value of this investment at June 30, 2018 was \$9,906.

Concentration of Credit Risk

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

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.

**NOTE 3: 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.

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 3: RISK MANAGEMENT(Continued)**

The board of directors is comprised of nine 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.

The BOCES carries commercial insurance for all other risks of loss, including errors and omissions and property. Settled claims resulting from these risks did not exceed commercial or BOCES coverage in the past year.

**NOTE 4: CAPITAL ASSETS**

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

	<u>Balance</u>			<u>Balance</u>
	<u>06/30/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/18</u>
<b>Governmental Activities:</b>				
Capital Assets, being depreciated:				
Machinery and Equipment	\$ -	\$ 9,505	\$ -	\$ 9,505
Total Capital Assets	<u>-</u>	<u>9,505</u>	<u>-</u>	<u>9,505</u>
Accumulated Depreciation:				
Machinery and Equipment	<u>-</u>	<u>(951)</u>	<u>-</u>	<u>(951)</u>
Total Accum. Depreciation	<u>-</u>	<u>(951)</u>	<u>-</u>	<u>(951)</u>
<b>Net Governmental Capital Assets</b>	<b><u>\$ -</u></b>	<b><u>\$ 8,554</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,554</u></b>

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 5: LONG TERM DEBT**

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

	<b>Restated Balance 6/30/17</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/18</b>
PERA Net OPEB Liability	91,651	5,790	-	97,441
PERA Net Pension Liability	3,832,644	434,402	-	4,267,046
Accrued Compensated Absences	9,990	-	960	9,030
<b>Total Long Term Obligations</b>	<b>\$ 3,934,285</b>	<b>\$ 440,192</b>	<b>\$ 960</b>	<b>\$ 4,373,517</b>

**NOTE 6: DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

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

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

**General Information about the Pension Plan**

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

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

**General Information about the Pension Plan (Continued)**

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

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

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

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

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

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

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

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

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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.

*Contributions.* 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:

<b>January 1<sup>st</sup> through December 31<sup>st</sup></b>	<b>2014<sup>1</sup></b>	<b>2015<sup>1</sup></b>	<b>2016<sup>1</sup></b>	<b>2017<sup>1</sup></b>
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%
<b>Total employer contribution rate to the SCHDTF</b>	<b>16.43%</b>	<b>17.33%</b>	<b>18.13%</b>	<b>18.63%</b>

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the BOCES were \$113,402 for the plan year ended December 31, 2017 and \$117,909 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 \$4,267,046 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.

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

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

At December 31, 2017, the BOCES' proportion was .013196% which is an increase of .0003233% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018 the BOCES recognized pension expense of \$1,263,180. At June 30, 2018, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 77,617	\$ -
Changes of assumptions or other inputs	\$ 1,070,948	\$ (6,526)
Net difference between projected and actual earnings on pension plan	\$ 77,838	\$ (252,163)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 156,469	\$ -
Contributions subsequent to the measurement date	\$ 57,186	\$ -
Total	\$ 1,440,058	\$ (258,689)

\$57,186 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:

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

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

Year Ended June 30:	Fiscal Year Totals
2019	762,817
2020	409,364
2021	15,043
2022	(63,041)
Total	\$ 1,124,183

*Actuarial assumptions.* The total pension liability as of December 31, 2017 was determined based on the December 31, 2016 actuarial valuation using the following roll-forward assumptions and other inputs:

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

Healthy mortality rates were based on the RP-2014 White Collar Employee Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2012 through December 31, 2015, adopted by PERA's Board on November 18, 2016, as well as, the October 28, 2016 actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016 Board Meeting.

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

As of the most recent analysis of the long-term expected rate of return, adopted by the PERA Board on November 18, 2016, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Rate of Return</b>
U.S Equity - Large Cap	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 method and assumptions described above. In addition, the following methods and assumptions were used in the projection of cash flows:

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

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

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 16, 2016.
- 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 estimated amount to 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.

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2018

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

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

Based on the above assumptions and methods, the GASB Statement No. 67 projections test indicates that the SCHDTF’s fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer Federal 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 2014 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting is a discount rate of 4.78 percent.

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

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

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionare share of the net pension asset (liability)	\$ (5,390,005)	\$ (4,267,046)	\$ (3,351,963)

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

**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](http://www.leg.colorado.gov).

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

**Changes between the measurement date of the net pension liability and June 30, 2018 (Continued)**

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

At June 30, 2018, the BOCES reported a liability of \$4,267,046 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the BOCES proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

<b>Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18- 200 (pro forma)</b>	<b>Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)</b>
7.25%	\$1,927,814

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 \$1,991,884 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS**

Health Care Trust Fund

**Summary of Significant Accounting Policies**

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

**General Information about the OPEB Plan**

*Plan Description.*

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

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS** (Continued)

**General Information about the OPEB Plan** (Continued)

*Benefits Provided*

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

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

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

*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.

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**General Information about the OPEB Plan (Continued)**

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.

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 \$6,209 for the plan year ended December 31, 2017 and \$7,635 for the fiscal year ended June 30, 2018.

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

At June 30, 2018, the BOCES reported a liability of \$97,441 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The BOCES proportion of the net OPEB liability was based on BOCES contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the BOCES proportion was 0.0074978%, which was an increase of .0001809% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2018, the BOCES recognized OPEB expense of \$7,993. 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	\$ 461	\$ -
Net difference between projected and actual earnings on pension plan	\$ -	\$ (1,630)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 1,960	\$ -
Contributions subsequent to the measurement date	\$ 3,049	\$ -
Total	\$ 5,470	\$ (1,630)

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS** (Continued)

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

\$3,049 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Fiscal Year Totals
2019	\$ 68
2020	68
2021	68
2022	68
2023	476
2024	43
Total	\$ 791

*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.

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS** (Continued)

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

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

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

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

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

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

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

Healthy 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.

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.

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

- 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.

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.

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS** (Continued)

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

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:

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

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

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

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

<b>Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates</b>			
	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)	\$ (94,760)	\$ (97,441)	\$ (100,670)

*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.

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2018

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS** (Continued)

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

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

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

<b>Sensitivity of the Net OPEB Liability to Changes in the Discount Rate</b>			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (109,555)	\$ (97,441)	\$ (87,102)

*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](http://www.copera.org/investments/pera-financial-reports).

**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](http://www.copera.org/investments/pera-financial-reports).

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 8: DEFINED CONTRIBUTION PENSION PLAN (Continued)**

Voluntary Investment Program (Continued)

*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 made \$7,800 in contributions.

**NOTE 9: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES AND COMPLIANCE**

**Claims and Judgments**

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 (TABOR) 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, in which the court has found that these organizations are not subject to TABOR, since they are not a municipality and do not exercise independent "Government" power. However, in virtually all situations BOCES will be impacted to the degree that its 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.

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 10: DEFICIT NET POSITION**

The Governmental Activities has an unrestricted net position deficit of \$3,018,934, primarily due to the PERA net pension liability of \$4,267,046, as further described in Note 5 and the HCTF net OPEB liability of \$97,441, as further discussed in Notes 6 and 7. As the District has no control over pension and OPEB benefits or contribution rates, the BOCES expects this deficit net position to continue for the foreseeable future.

**NOTE 11: PRIOR PERIOD RESTATEMENT**

For the fiscal year, the District adopted GASB Statement Number 68 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement places a long-term obligation, as well as related deferred outflows and inflows, on the Statement of Net Position related to future postemployment benefit obligations. The District has restated the beginning net position for the governmental activities for those balances that were applicable as of June 30, 2017. This restatement resulted in a net decrease in governmental activity net position of \$91,651.

**REQUIRED SUPPLEMENTARY INFORMATION**  
(Pension Schedules – Unaudited)

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

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

	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/16</u>
BOCES' proportion of the net pension asset (liability)	0.013196%	0.012873%	0.012456%
BOCES' proportionate share of the net pension asset (liability)	\$ (4,267,046)	\$ (3,832,644)	\$ (1,905,017)
BOCES' covered-employee payroll	\$ 608,706	\$ 577,741	\$ 542,818
BOCES' proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	701.00%	663.38%	350.95%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.16%

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

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

See the accompanying Independent Auditors' Report.

<u>6/30/15</u>	<u>6/30/14</u>
0.009718%	0.000000%
\$ (1,317,160)	\$ -
\$ 407,128	\$ -
323.52%	0.00%
62.84%	64.07%

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**SCHEDULE OF BOCES CONTRIBUTIONS**

**PERA Pension Plan**

**Last 10 Fiscal Years<sup>(1)</sup>**

	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/16</u>
Contractually required contributions	\$ 113,402	\$ 104,744	\$ 94,070
Actual contributions	<u>\$ (113,402)</u>	<u>\$ (104,744)</u>	<u>\$ (94,070)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES' covered-employee payroll	\$ 608,706	\$ 577,741	\$ 542,818
Contributions as a percentage of covered-employee payroll	18.63%	18.13%	17.33%

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

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

See the accompanying Independent Auditors' Report.

<u>6/30/15</u>	<u>6/30/14</u>
\$ 66,891	\$ -
<u>(66,891)</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 407,128	\$ -
16.43%	0.00%

**MOUNT EVANS 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<sup>(1)</sup>**

	<u>06/30/18</u>	<u>06/30/17</u>
BOCES' proportion of the net pension asset (liability)	0.007498%	0.007317%
BOCES' proportionate share of the net pension asset (liability)	\$ (97,441)	\$ (94,866)
BOCES' covered-employee payroll	\$ 608,706	\$ 4,043,159
BOCES' proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	16.01%	2.35%
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 show

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

See the accompanying Independent Auditors' Report.

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**SCHEDULE OF BOCES CONTRIBUTIONS**

**PERA Health Care Trust Fund**

**Last 10 Fiscal Years<sup>(1)</sup>**

	<u>06/30/18</u>	<u>06/30/17</u>
Contractually required contributions	\$ 6,209	\$ 41,240
Actual contributions	<u>(6,209)</u>	<u>(41,240)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
BOCES' covered-employee payroll	\$ 608,706	\$ 4,043,159
Contributions as a percentage of covered employee payroll	1.02%	1.02%

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

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

See the accompanying Independent Auditors' Report.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**BUDGETARY COMPARISON SCHEDULE -**  
**GENERAL FUND**

**For the Year Ended June 30, 2018**  
**With Comparative Totals for the Year Ended June 30, 2017**

	2018			VARIANCE WITH FINAL BUDGET FAV. (UNFAV.)	2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
<b>REVENUES</b>					
Local Sources:					
Interest Income	\$ -	\$ -	\$ 152	\$ 152	\$ 85
Member Assessments	353,248	368,519	369,424	905	382,563
Other Local	-	-	778	778	2,769
Total Local Sources	<u>353,248</u>	<u>368,519</u>	<u>370,354</u>	<u>1,835</u>	<u>385,417</u>
State Sources:					
ECEA	506,468	635,505	629,421	(6,084)	573,545
Gifted and Talented	165,129	166,159	112,532	(53,627)	129,420
State Counselor Grant	16,815	21,677	2,128	(19,549)	-
Implementing State Educational Priorities	100,262	97,801	89,295	(8,506)	99,986
Gifted and Talented Universal Screening	-	-	-	-	27,000
Total State Sources	<u>788,674</u>	<u>921,142</u>	<u>833,376</u>	<u>(87,766)</u>	<u>829,951</u>
Federal Sources:					
IDEA Part B	457,527	441,199	441,199	-	457,527
IDEA Preschool	26,702	26,702	26,702	-	26,702
Total Federal Sources	<u>484,229</u>	<u>467,901</u>	<u>467,901</u>	<u>-</u>	<u>484,229</u>
TOTAL REVENUES	<u>1,626,151</u>	<u>1,757,562</u>	<u>1,671,631</u>	<u>(85,931)</u>	<u>1,699,597</u>
<b>EXPENDITURES</b>					
Instruction:					
Salaries	189,638	175,600	176,789	(1,189)	191,245
Benefits	64,413	61,219	58,600	2,619	60,716
PS - Professional	-	500	150	350	400
Pass-through to Districts	494,429	641,177	634,162	7,015	563,832
Supplies	7,000	6,700	1,015	5,685	15,391
Total Instruction	<u>755,480</u>	<u>885,196</u>	<u>870,716</u>	<u>14,480</u>	<u>831,584</u>
Support Services:					
Pupil Support:					
Salaries	239,595	226,002	222,905	3,097	233,547
Benefits	80,123	75,474	75,064	410	69,204
PS - Professional	16,695	30,220	23,652	6,568	17,649
PS - Property	200	200	-	200	-
PS - Other	99,485	94,925	84,144	10,781	96,023
Supplies	2,400	2,720	1,896	824	8,822
Property	-	9,505	9,505	-	-
Total Pupil Support	<u>438,498</u>	<u>439,046</u>	<u>417,166</u>	<u>21,880</u>	<u>425,245</u>

(Continued)

See the accompanying Independent Auditors' Report.

**MOUNT EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND**

**For the Year Ended June 30, 2018  
With Comparative Totals for the Year Ended June 30, 2017**

	2018			VARIANCE WITH FINAL BUDGET FAV. (UNFAV.)	2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
Staff Support:					
Salaries	170,587	174,626	158,491	16,135	152,380
Benefits	48,295	49,194	45,691	3,503	42,851
PS - Professional	49,915	56,453	23,725	32,728	40,231
PS - Property	3,000	3,000	625	2,375	956
PS - Other	58,818	54,663	39,685	14,978	55,736
Supplies	31,843	71,132	54,104	17,028	52,629
Other Expenses	2,900	3,350	3,068	282	2,797
Total Staff Support	<u>365,358</u>	<u>412,418</u>	<u>325,389</u>	<u>87,029</u>	<u>347,580</u>
General Administration:					
PS - Professional	5,000	5,100	5,100	-	4,925
School Administration:					
Salaries	16,984	16,882	13,963	2,919	11,936
Benefits	3,615	3,613	2,989	624	2,474
Total School Administration	<u>20,599</u>	<u>20,495</u>	<u>16,952</u>	<u>3,543</u>	<u>14,410</u>
Business Administration:					
Salaries	23,597	23,495	23,495	-	23,072
Benefits	5,092	5,090	5,016	74	4,791
PS - Professional	1,200	1,100	420	680	1,163
Supplies	-	1,750	1,742	8	-
Total Business Administration	<u>29,889</u>	<u>31,435</u>	<u>30,673</u>	<u>762</u>	<u>29,026</u>
Transportation:					
PS - Other	-	800	285	515	-
Other Central Support:					
PS - Other	1,997	1,921	1,733	188	1,766
Risk Management:					
PS - Other	9,330	9,602	9,590	12	9,248
Total Support Services	<u>870,671</u>	<u>920,017</u>	<u>806,888</u>	<u>113,414</u>	<u>832,579</u>
Contingency	<u>139,913</u>	<u>126,895</u>	<u>-</u>	<u>126,895</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,766,064</u>	<u>1,932,108</u>	<u>1,677,604</u>	<u>254,789</u>	<u>1,664,163</u>
CHANGE IN FUND BALANCE	(139,913)	(174,546)	(5,973)	168,858	35,434
FUND BALANCE, Beginning	<u>139,913</u>	<u>175,346</u>	<u>175,347</u>	<u>1</u>	<u>139,913</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 800</u>	<u>\$ 169,374</u>	<u>\$ 168,859</u>	<u>\$ 175,347</u>

See the accompanying Independent Auditors' Report.

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## **STATE COMPLIANCE**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 9140 - MT EVANS 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
<b>Governmental</b>							
10 General Fund	175,347		1,671,631		1,677,604		169,374
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
<b>Sub- Total</b>	<b>175,347</b>		<b>1,671,631</b>		<b>1,677,604</b>		<b>169,374</b>
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
<b>Totals</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Proprietary</b>							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
<b>Totals</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Fiduciary</b>							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	0		0		0		0
79 GASB 34:Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
<b>Totals</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>

FINAL



**Colorado Department of Education**

**Bolded Balance Sheet Report**

District: 9140 - MT EVANS BOCES

Fiscal Year 2017-18

Colorado School District/BOCES

ASSETS	Governmental										Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals			
Cash and Investments (8100-8104,8111)	343,139	0	0	0	0	0	0	0	0	0	0	0	0	0	343,139			
Grants Accounts Receivable (8142)	285,303	0	0	0	0	0	0	0	0	0	0	0	0	0	285,303			
Other Receivables (8151-8154,8161)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
<b>Total Assets</b>	<b>628,442</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>628,442</b>			

Governmental ..... Proprietary ..... Fiduciary

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
<b>LIABILITIES &amp; FUND EQUITY</b>															
<b>LIABILITIES</b>															
Other Payables (7421-7423)	285,353	0	0	0	0	0	0	0	0	0	0	0	0	0	285,353
Accrued Expenses (7461)	92,032	0	0	0	0	0	0	0	0	0	0	0	0	0	92,032
Grants Deferred Revenue (7482)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow Grants (7801)	81,682	0	0	0	0	0	0	0	0	0	0	0	0	0	81,682
<b>Total Liabilities</b>	<b>459,068</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>459,068</b>

**Governmental**

**Proprietary**

**Fiduciary**

<b>FUND EQUITY</b>	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR 3% Emergency Reserve 6721	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assigned Fund Balance 6760	16,189	0	0	0	0	0	0	0	0	0	0	0	0	0	16,189
Unassigned Fund Balance 6770	153,186	0	0	0	0	0	0	0	0	0	0	0	0	0	153,186
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
<b>Total Fund Equity</b>	<b>169,374</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>169,374</b>

	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
<b>Total Liabilities &amp; Fund Equity</b>	<b>628,442</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>628,442</b>

	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
<b>Do Assets=Liability+Fund Equity</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes