



GRAND VALLEY BOARD OF COOPERATIVE
EDUCATIONAL SERVICES

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2013

CONTENTS

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS.....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION.....	9
STATEMENT OF ACTIVITIES.....	10
BALANCE SHEET – GOVERNMENTAL FUND.....	11
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUND.....	12
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES.....	13
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND.....	14
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS – PROPRIETARY FUND.....	15
STATEMENT OF CASH FLOWS – PROPRIETARY FUND.....	16
STATEMENT OF FIDUCIARY NET ASSETS.....	17
NOTES TO FINANCIAL STATEMENTS.....	18
SUPPLEMENTAL INFORMATION	
AUTOMATED DATA EXCHANGE VIEW REPORT	

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

September 11, 2013

The Board of Directors
Grand Valley Board of Cooperative Educational Services

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the fiduciary activity and each major fund of the Grand Valley Board of Cooperative Educational Services as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Grand Valley Board of Cooperative Educational Services' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Grand Valley Board of Cooperative Educational Services' 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 Grand Valley Board of Cooperative Educational Services' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the fiduciary activity, and each major fund of the Grand Valley Board of Cooperative Educational Services as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows, thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grand Valley Board of Cooperative Services' basic financial statements. The Automated Data Exchange View Report of the Colorado Department of Education (the Report) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Report is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 basic financial statements as a whole.

Chadwick, Steinkirchner, Davis + Co., P.C.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

As management of the Grand Valley Board of Cooperative Educational Services (GVBOCES), we offer readers of the GVBOCES financial statements this narrative overview and analysis of the financial activities of the GVBOCES for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements.

The GVBOCES is a collaborative, partnership effort between Mesa County Valley School District No. 51 and Colorado Mesa University as an effort to provide career and technical programs to students from both institutions. The GVBOCES was founded in 1994 and student enrollment and programs have increased at a constant rate since the GVBOCES inception.

Financial Highlights

- The assets of the GVBOCES exceeded its liabilities at the close of the most recent fiscal year by \$1,359,803 (net position). Of this amount, \$749,883 is the net investment in capital assets leaving an unrestricted net position balance of \$609,920.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$653,377.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the GVBOCES basic financial statements. The GVBOCES basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the GVBOCES finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the GVBOCES assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the GVBOCES is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements distinguish functions of the GVBOCES that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the GVBOCES include instructional services, pupil services, instructional staff services, general administration services, school administration services, business services, operations and maintenance, and community services. The business-type activity of the GVBOCES is a restaurant operation.

The government-wide financial statements include only the GVBOCES itself, as the GVBOCES has no component units.

The government-wide financial statements can be found on pages 9 - 10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The GVBOCES, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the GVBOCES can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The GVBOCES maintains one individual governmental fund, the General Fund, which is considered to be a major fund.

The GVBOCES adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11 - 14 of this report.

Proprietary funds. The GVBOCES maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The GVBOCES uses the enterprise fund to account for its restaurant operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the GVBOCES various functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Restaurant Enterprise Fund, which is considered to be a major fund of the GVBOCES.

The basic proprietary fund financial statements can be found on pages 15 - 16 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the GVBOCES own programs.

The GVBOCES uses an agency fund to account for resources held for student activities and groups.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 - 27 of this report.

Other information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the GVBOCES, assets exceeded liabilities by \$1,359,803 at the close of the most recent fiscal year.

Of the GVBOCES net position, 55% reflects its investment in capital assets (e.g., land and improvements, equipment). GVBOCES uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

Net Position

	Governmental Activities 2012	Business-type Activities 2012	Governmental Activities 2013	Business-type Activities 2013	Total Activities 2012	Total Activities 2013
Current and Other Assets	748,264	13,015	730,862	8,215	761,279	739,077
Capital Assets	769,687	-	749,883	-	769,687	749,883
Total Assets	1,517,951	13,015	1,480,745	8,215	1,530,966	1,488,960
Other Liabilities	77,778	-	127,327	1,830	77,778	129,157
Net Position	1,440,173	13,015	1,353,418	6,385	1,453,188	1,359,803
Net Investment in Capital Assets	769,687	-	749,883	-	769,687	749,883
Unrestricted Net Position	670,486	13,015	603,535	6,385	683,501	609,920
Total Net Position	1,440,173	13,015	1,353,418	6,385	1,453,188	1,359,803

Slightly over half of the GVBOCES assets (50%) reflect its investment in capital assets, less accumulated depreciation. 28% of the GVBOCES assets is cash and investments. 21% of the GVBOCES liabilities represent accrued salaries and fringe benefits. This liability occurs when GVBOCES employees are paid in arrears – the salaries they accrued in June are not paid until July. There is also currently one instance of a contracted employee’s salary being spread over a twelve month period ending in August. Colorado statutes do not require the liability to be funded or budgeted for until the year in which it is paid. The liability will be paid in the months of July and August, 2013 with funds received in fiscal year 2014.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Changes in Net Position

	Governmental Activities 2012	Business-type Activities 2012	Governmental Activities 2013	Business-type Activities 2013	Total Activities 2012	Total Activities 2013
Revenues						
Program Revenues						
Charges for Services	2,220,218	25,096	2,157,288	26,306	2,245,314	2,183,594
Grants/Contributions	223,953	-	252,574	-	223,953	252,574
General Revenues						
Investment Earnings	561	-	742	-	561	742
Gain on Sale of Assets	-	-	-	-	-	-
Total Revenues	2,444,732	25,096	2,410,604	26,306	2,469,828	2,436,910
Expenditures						
Instructional Services	1,166,698	-	1,259,518	-	1,166,698	1,259,218
Student Services	196,382	-	188,099	-	196,382	188,099
General / Administrative	439,286	-	411,096	-	439,286	411,096
Business Services	145,101	-	149,370	-	145,101	149,370
Central Support	500,295	-	489,276	-	500,295	489,276
Food Services	-	29,524	-	32,936	29,524	32,936
Total Expenses	2,447,762	29,524	2,497,359	32,936	2,477,286	2,530,295
Increase (Decrease) in Net Position	(3,030)	(4,428)	(86,755)	(6,630)	(7,458)	(93,385)
Net Position July 1, 2011					1,460,646	
Net Position July 1, 2012					1,453,188	1,453,188
Net Position July 1, 2013						1,359,803

- Revenues *decreased* 1.37%
- Expenses *increased* 2.14%
- Investment earnings *increased* 32.26%

Financial Analysis of the Government's Funds

As noted earlier, the GVBOCES uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the GVBOCES *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the GVBOCES financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the GVBOCES governmental fund reported ending fund balance of \$653,377, a decrease of \$58,469 in comparison with the prior year. *Unassigned fund balance* of \$653,377 is available for spending at the GVBOCES discretion.

The General Fund is the chief operating fund of the GVBOCES. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$653,377. See page 11 of this report for detail.

Proprietary fund. The GVBOCES proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Restaurant Enterprise Fund amounted to \$6,385 as of June 30, 2013, a decrease of \$6,630.

General Fund Budgetary Highlights

The differences between the original budget and the final budget were not significant.

Capital Asset and Debt Administration

Capital assets. The GVBOCES investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounts to \$749,883 (net of accumulated depreciation). This investment in capital assets includes land and equipment.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

Capital Assets (Net of Depreciation)

	Governmental Activities 2012	Business-type Activities 2012	Governmental Activities 2013	Business-type Activities 2013	Total Activities 2012	Total Activities 2013
Land	326,431	-	326,431	-	326,431	326,431
Buildings and Building Improvements	-	-	-	-	-	-
Equipment	443,256	-	423,452	-	443,256	423,452
	<u>769,687</u>	<u>-</u>	<u>749,883</u>	<u>-</u>	<u>769,687</u>	<u>749,883</u>

Long-term debt. At the end of the current fiscal year, the GVBOCES had no outstanding, long-term debt.

Requests for Information

This financial report is designed to provide a general overview of the GVBOCES finances for all those with an interest in the GVBOCES finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Grand Valley BOCES at 2508 Blichmann Avenue, Grand Junction, Colorado 81505.

Grand Valley Board of Cooperative Educational Services

STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 409,967	\$ 6,040	\$ 416,007
Accounts receivable, less allowance for doubtful accounts of \$-0-	45,303	(87)	45,216
Due from other governments	275,592	-	275,592
Inventory	-	2,262	2,262
Capital assets (net of accumulated depreciation)			
Land (non-depreciable)	326,431	-	326,431
Equipment	423,452	-	423,452
Total assets	<u>\$ 1,480,745</u>	<u>\$ 8,215</u>	<u>\$ 1,488,960</u>
LIABILITIES AND NET POSITION			
Liabilities			
Accrued liabilities	\$ 27,211	\$ -	\$ 27,211
Due to other funds	2,570	1,830	4,400
Unearned revenue	47,704	-	47,704
Non-current liabilities			
Compensated absences	49,842	-	49,842
Total liabilities	<u>127,327</u>	<u>1,830</u>	<u>129,157</u>
Net Position			
Net investment in capital assets	749,883	-	749,883
Unrestricted	603,535	6,385	609,920
Total net position	<u>1,353,418</u>	<u>6,385</u>	<u>1,359,803</u>
Total liabilities and net position	<u>\$ 1,480,745</u>	<u>\$ 8,215</u>	<u>\$ 1,488,960</u>

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

STATEMENT OF ACTIVITIES

Year ended June 30, 2013

Function/Programs	Program Revenues				Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Governmental activities:					
Instructional services	\$ 1,259,518	\$ 953,485	\$ 252,574	\$ (53,459)	\$ (53,459)
Support services:					
Pupil services	188,099	197,934	-	9,835	9,835
General administration	411,096	664,208	-	253,112	253,112
Business administration	149,370	139,508	-	(9,862)	(9,862)
Central support	489,276	202,153	-	(287,123)	(287,123)
Total support services	1,237,841	1,203,803	-	(34,038)	(34,038)
Total governmental activities	2,497,359	2,157,288	252,574	(87,497)	(87,497)
Business-type activities:					
Restaurant	32,936	26,306	-	-	(6,630)
Total business-type activities	32,936	26,306	-	-	(6,630)
Total	\$ 2,530,295	\$ 2,183,594	\$ 252,574	(87,497)	(94,127)
General revenues:					
Interest earnings				742	742
Total general revenues				742	742
Change in net position				(86,755)	(93,385)
Net position at beginning of year				1,440,173	1,453,188
Net position at end of year				\$ 1,353,418	\$ 1,359,803

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

ASSETS	General	Total Governmental Funds
Cash and investments	\$ 409,967	\$ 409,967
Accounts receivable, less allowance for doubtful accounts of \$-0-	45,303	45,303
Due from other governments	275,592	275,592
Total assets	\$ 730,862	\$ 730,862
LIABILITIES AND FUND EQUITY		
Liabilities		
Accrued expenses	\$ 27,211	\$ 27,211
Due to other funds	2,570	2,570
Unearned revenue	47,704	47,704
Total liabilities	77,485	77,485
Fund equity		
Unassigned	653,377	653,377
Total fund equity	653,377	653,377
Total liabilities and fund equity	\$ 730,862	\$ 730,862
Fund equity (as reported above)		\$ 653,377
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are not recorded in the funds		749,883
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds		(49,842)
Net position of governmental activities		\$ 1,353,418

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

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

Year ended June 30, 2013

	General	Total Governmental Funds
Revenues		
Local sources	\$ 2,157,289	\$ 2,157,289
State sources	\$ 910	910
Federal sources	251,664	251,664
Interest revenue	742	742
Total revenues	<u>2,410,605</u>	<u>2,410,605</u>
Expenditures		
Current		
Instructional services		
Vocational education	1,231,233	1,231,233
Support services	1,237,841	1,237,841
Total expenditures	<u>2,469,074</u>	<u>2,469,074</u>
Excess of revenues over (under) expenditures	(58,469)	(58,469)
Fund balance at beginning of year	<u>711,846</u>	<u>711,846</u>
Fund balance at end of year	<u>\$ 653,377</u>	<u>\$ 653,377</u>

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ (58,469)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period (\$45,794-26,290). (19,504)

Governmental funds do not report gains or losses on disposal of capital assets. However, in the statement of activities the difference between the book value of the assets and the proceeds received on disposal is recognized as a gain or loss. (300)

In the governmental funds, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid to employees), whereas in the statement of activities, they are measured as the benefits are earned by employees during the year. This is the amount the liability for compensated absences increased during the year. (8,482)

Change in net position of governmental activities \$ (86,755)

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND

Year ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Local sources				
Charges for services - contracts	\$ 2,223,978	\$ 2,139,611	\$ 2,139,611	\$ -
Interest	400	535	742	207
Miscellaneous	15,000	64,014	17,678	(46,336)
	<u>2,239,378</u>	<u>2,204,160</u>	<u>2,158,031</u>	<u>(46,129)</u>
State sources				
Educational Priorities grant	-	48,614	910	(47,704)
	-	48,614	910	(47,704)
Federal sources				
Carl Perkins grant	220,594	251,664	251,664	-
	<u>220,594</u>	<u>251,664</u>	<u>251,664</u>	<u>-</u>
Total revenues	<u>2,459,972</u>	<u>2,504,438</u>	<u>2,410,605</u>	<u>(93,833)</u>
Expenditures				
Current				
Instructional - vocational education	1,215,326	1,275,735	1,231,233	44,502
Support services				
Pupil services	257,110	259,648	188,099	71,549
General administration	435,179	431,995	411,096	20,899
Business administration	165,110	169,742	149,370	20,372
Central support	473,348	475,449	489,276	(13,827)
Contingency	502,444	122,791	-	122,791
	<u>3,048,517</u>	<u>2,735,360</u>	<u>2,469,074</u>	<u>266,286</u>
Capital outlay				
Legislative - equipment	180,952	-	-	-
	<u>180,952</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,229,469</u>	<u>2,735,360</u>	<u>2,469,074</u>	<u>266,286</u>
Excess of revenues over (under) expenditures	(769,497)	(230,922)	(58,469)	172,453
Fund balance at beginning of year	769,497	711,845	711,846	1
Fund balance at end of year	<u>\$ -</u>	<u>\$ 480,923</u>	<u>\$ 653,377</u>	<u>\$ 172,454</u>

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND

Year ended June 30, 2013

	<u>Business-type Activities- Enterprise Fund</u>
	<u>Restaurant</u>
Operating revenues	
Restaurant meals	\$ 17,732
Catering service and other	8,574
	<hr/>
Total revenues	26,306
Operating expenses	
Salaries and benefits	12,320
Food products	17,098
Supplies and miscellaneous	3,518
	<hr/>
Total expenses	32,936
	<hr/>
	Change in net position
	(6,630)
Net position beginning of year	<hr/> 13,015
Net position end of year	<hr/> <hr/> \$ 6,385

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

Year ended June 30, 2013

	<u>Business-type Activities- Enterprise Fund</u>
	<u>Restaurant</u>
Cash flows from operating activities	
Cash received from prepared food sales	\$ 28,013
Cash paid to employees	(12,320)
Cash paid to suppliers	(18,046)
	<hr/>
Net cash provided (used) by operating activities	(2,353)
	<hr/>
Increase (decrease) in cash	(2,353)
	<hr/>
Cash at beginning of year	8,393
	<hr/>
Cash at end of year	<u>\$ 6,040</u>
	<hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (6,630)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	1,708
(Increase) decrease in inventory	739
(Increase) decrease in interfund payable	1,830
	<hr/>
Total adjustments	4,277
	<hr/>
Net cash provided (used) by operating activities	<u>\$ (2,353)</u>
	<hr/>

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

STATEMENT OF FIDUCIARY NET ASSETS
STUDENT BODY ACTIVITY AGENCY FUND

June 30, 2013

ASSETS

Cash	\$	86,193
Due from other funds		<u>4,400</u>

Total assets	\$	<u><u>90,593</u></u>
--------------	----	----------------------

LIABILITIES

Due to student groups	\$	<u>90,593</u>
-----------------------	----	---------------

Total liabilities	\$	<u><u>90,593</u></u>
-------------------	----	----------------------

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. The Reporting Entity

The Grand Valley Board of Cooperative Educational Services (B.O.C.E.S.) is a local educational service unit organized under the "Board of Cooperative Services Act of 1965" - Colorado Revised Statutes 22-5-101 through 117. The B.O.C.E.S. serves one member school district and one member institution of higher education in western Colorado.

The B.O.C.E.S. is the primary government and has no component units.

2. Government-wide and Fund Financial Statements

The B.O.C.E.S. basic financial statements include both government-wide (reporting the B.O.C.E.S. as a whole) and fund financial statements (reporting the B.O.C.E.S. major funds). Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. B.O.C.E.S. net position is reported in two parts: net investment in capital assets and unrestricted net assets.

The government-wide focus is on the sustainability of the B.O.C.E.S. as an entity and the change in the B.O.C.E.S.'s net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the B.O.C.E.S. are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

The B.O.C.E.S. reports the following major governmental funds:

GOVERNMENTAL FUNDS

General Fund The General fund is the B.O.C.E.S. general operating fund and is used to account for all financial transactions not accounted for elsewhere. Major revenue sources include grants, contracts, and state funding. Expenditures include all costs associated with specific contracts entered into by the B.O.C.E.S.

PROPRIETARY FUNDS

Enterprise (Food Service) Fund. The food service fund is used to account for the activities of the restaurant and catering services of the educational unit. The fund is intended to be self-supporting through user charges.

The B.O.C.E.S. also reports the following fiduciary fund:

Agency (Student Body Activity) Fund This fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations or budgetary accounting. However, the Colorado State Auditor's Office has determined that an annual budget and appropriation be adopted by the Board of Education. See Note A7 for the budget presentation. Assets and liabilities are measured on the modified accrual basis of accounting.

4. Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Basis of Accounting and Measurement Focus – Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund activity is not eliminated in the fund financial statements.

The Proprietary (Food Service) fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The proprietary fund is accounted for on a cost of services (capital maintenance) measurement focus. The statement of net position for this fund includes all current and non-current assets and liabilities (net position). Unrestricted net position is the only component of fund equity. The operating statement summarizes cost of services for the period and reflects the change in net position.

5. Budget Adoption Process

In June, the Board of Directors adopts the budget for the following fiscal year. The Board may amend or adopt supplemental budgets during the budget year. There was one supplemental budget appropriated by the Board for the year ended June 20, 2013, which decreased the Enterprise Fund budget from \$34,710 to \$31,060 and decreased the General Fund budget from \$3,229,469 to \$2,735,360.

6. Budgeted Level of Expenditures

Expenditures may not legally exceed appropriations at the fund level. Administrative control is maintained through the use of detailed line-item budgets. Budgets must be amended at the fund level by the Board of Directors. At year-end, all appropriations lapse in accordance with Colorado statutes.

7. Budgetary Basis of Accounting

Appropriated budgets are adopted by the Board of Directors for all funds. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

7. Budgetary Basis of Accounting - Continued

The following is a presentation of budget to actual for the Food Service fund for the year ended June 30, 2013.

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating revenues	\$ 24,200	\$ 26,306	\$ 2,106
Operating expenditures	<u>(31,060)</u>	<u>(32,936)</u>	<u>(1,876)</u>
Net earnings (loss)	(6,860)	(6,630)	230
Net position, beginning	<u>—</u>	<u>13,015</u>	<u>13,015</u>
Net position, ending	<u>\$ (6,860)</u>	<u>\$ 6,385</u>	<u>\$ 13,245</u>

In order to comply with Colorado statutes, a Cash Basis budget and appropriation was adopted for the Agency (Student Body Activity) fund. The following is a presentation of Budget to Actual for the Agency (Student Body Activity) fund for the year ended June 30, 2013.

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Beginning cash balance	\$ 51,000	\$ 128,653	\$ 77,653
Cash receipts	<u>200,000</u>	<u>139,619</u>	<u>(60,381)</u>
Cash available	251,000	268,272	17,272
Cash disbursements	<u>200,000</u>	<u>182,079</u>	<u>17,921</u>
Ending cash balance	<u>\$ 51,000</u>	<u>\$ 86,193</u>	<u>\$ 35,193</u>

8. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by B.O.C.E.S. as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost if purchased or constructed and donated capital assets are recorded at their estimated fair market value on the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Capital Assets – Continued

Property, plant and equipment of B.O.C.E.S. are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Equipment	8-30
Vehicles and software	5-7
Computers and office equipment	5

9. Future Compensated Absences

In Governmental Fund Types, the costs for compensated absences are recognized when payments are made to employees. A long-term liability for accrued vacation and sick leave benefits at June 30, 2013, has been recorded in the governmental-wide financial statements, representing the B.O.C.E.S. commitment to fund such costs from the General fund. Payment for any of the accrued benefits will occur in subsequent years and be made from future resources.

10. Related Parties

A substantial amount of the funds for facilities and personnel for the B.O.C.E.S. are currently provided by Mesa County Valley School District No. 51 (the District) and Colorado Mesa University (the University). The services are rendered in agreement with a plan to transfer various services to the B.O.C.E.S. over one more year, along with revenues currently recorded by the two entities. The District and the University organized the B.O.C.E.S. and each appoints two of the seven Board members, with the other three Board members selected from the community. The District has a contract with the B.O.C.E.S. to provide funding and support.

11. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

12. Interfund Balances

Due To and Due From Other Funds. During the course of its operations, the B.O.C.E.S. has numerous transactions between funds to finance operations and provide services. To the extent that certain transactions between funds had not been paid or received as of June 30, 2013, balances of interfund amounts receivable or payable have been recorded.

NOTE B – DEPOSITS AND INVESTMENTS

At June 30, 2013, the carrying value of deposits with financial institutions was \$158,062. Cash consists of the following:

Cash on hand	\$ 872
Cash in demand accounts	<u>158,065</u>
Total cash	<u>\$ 158,937</u>

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

At June 30, 2013, the B.O.C.E.S. cash deposits had a bank balance as follows:

	<u>Bank Balance</u>
Insured deposits	\$ 354,614
Deposits collateralized in single institution pools	<u>224,651</u>
Total deposits	<u>\$ 579,265</u>

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

State statutes authorize the B.O.C.E.S. to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school district, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, certain repurchase agreements, and local government investment pools.

At June 30, 2013, the B.O.C.E.S. had \$9,339 and \$333,924 invested in the Colorado Government Liquid Asset Trust (COLOTRUST) and the Colorado Surplus Asset Fund Trust (CSAFE) respectively, investment vehicles established for local governmental entities in Colorado to pool surplus funds for investment purposes. COLOTRUST and CSAFE operate similar to a money market fund and each share is equal in value to \$1. At June 30, 2013, the approximate market value of the B.O.C.E.S.'s investments is \$343,263. Both COLOTRUST and CSAFE were rated AAAM by Standard & Poor's Corporation.

The total investments are as follows:

COLOTRUST	\$ 9,339
CSAFE	<u>333,924</u>
	<u>\$ 343,263</u>

Interest rate risk – The B.O.C.E.S. does not have a formal policy limiting investment maturities, other than that established by state statute of five years that would help manage its exposure to fair value losses from increasing interest rates.

NOTE C – MAJOR REVENUES

The B.O.C.E.S. received 59% and 30% of its general fund revenue for the year ended June 30, 2013, from contracts with Mesa County Valley School District No. 51 and with Colorado Mesa University, respectively.

NOTE D – CAPITAL ASSETS

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Land	\$ 326,431	\$ –	\$ –	\$ 326,431
Depreciable capital assets:				
Equipment	<u>1,343,285</u>	<u>26,290</u>	<u>6,000</u>	<u>1,363,575</u>
Total depreciable capital assets	1,343,285	26,290	6,000	1,363,575
Accumulated depreciation				
Equipment	<u>(900,029)</u>	<u>(45,794)</u>	<u>(5,700)</u>	<u>(940,123)</u>
Total accumulated depreciation	<u>(900,029)</u>	<u>(45,794)</u>	<u>(5,700)</u>	<u>(940,123)</u>
Depreciable capital assets, net	<u>443,256</u>	<u>(19,504)</u>	<u>300</u>	<u>423,452</u>
Capital assets, net	<u>\$ 769,687</u>	<u>\$ (19,504)</u>	<u>\$ 300</u>	<u>\$ 749,883</u>

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE D – CAPITAL ASSETS – CONTINUED

Capital outlay accounts are used to record expenditures made for items, which have a useful life of more than one year. Capital expenditures made in the General fund are recorded as instructional or support services for presentation in this financial statement. Not all capital outlay expenditures become actual additions to capital assets.

Depreciation expense was charged for functions/programs of the primary government as follows:

Instructional services	\$ 43,390
Central support	<u>2,404</u>
Total depreciation expense for governmental activities	<u>\$ 45,794</u>

NOTE E – LONG-TERM DEBT

The B.O.C.E.S. long-term debt consists of the following:

	Balance June 30, 2012	Additions (Reductions)	Balance June 30, 2013
Future compensated absences	<u>\$ 41,360</u>	<u>\$ 8,482</u>	<u>\$ 49,842</u>

NOTE F – DEFINED BENEFIT PENSION PLAN

Plan Description

The B.O.C.E.S. (through the District) contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the B.O.C.E.S. are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the SDTF. That report may be obtained online at www.copera.org or by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 1-800-759-PERA (7372) or 303-832-9550.

Funding Policy

The B.O.C.E.S. is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the B.O.C.E.S. are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for the B.O.C.E.S. is 10.15% of covered payroll. A portion of the B.O.C.E.S. contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund (See Note G).

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

Funding Policy – Continued

The B.O.C.E.S. is also required to pay an amortization equalization disbursement (AED) equal to 3.4% of the total payroll for the calendar year 2013 (3.0% of total payroll for the calendar year 2012, and 2.6% of total payroll for the calendar year 2011). Additionally, the B.O.C.E.S. is required to pay a supplemental amortization equalization disbursement (SAED) equal to 3.0% of the total payroll for the calendar year 2013 (2.5% of total payroll for the calendar year 2012 and 2.0% of total payroll for the calendar year 2011). If the B.O.C.E.S. rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions (including the AED and SAED) on the amounts paid for the retiree; however, no member contributions were required prior to January 1, 2011. Starting January 1, 2011, an 8% contribution, known as the Working Retiree Contribution, is required of these individuals. The B.O.C.E.S. contributions to SDTF for the years ended June 30, 2013, 2012, and 2011 were \$72,927, \$72,082, and \$56,098, respectively, equal to the required contributions for each year.

NOTE G – POST EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The B.O.C.E.S. (through the District) contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 1-800-759-PERA (7372) or 303-832-9550.

Funding Policy

The B.O.C.E.S. is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the B.O.C.E.S. are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF from the defined benefit plan employer contribution (see Note F) is established under Title 24, Article 51, Section 208 of the CRS, as amended. The B.O.C.E.S. contributions to HCTF for the years ended June 30, 2013, 2012, and 2011, were \$4,483, \$4,577, and \$3,846, respectively, equal to the required contributions for each year.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE H – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The B.O.C.E.S. believes it is in compliance with the requirements of the amendment. However, the B.O.C.E.S. has made certain interpretations of the amendment's language in order to determine its compliance.

NOTE I – RISK MANAGEMENT

The B.O.C.E.S. is a member of the Colorado School District Self-Insurance Pool (the Pool), which operates as a risk-sharing public entity pool comprised of various school districts and other related public educational entities within the State of Colorado. The Pool provides the B.O.C.E.S. with various types of insurance. During the year ended June 30, 2013, the B.O.C.E.S. paid \$15,176 in premiums to the Pool. In the event of the impairment or insolvency of the Pool, the B.O.C.E.S. may be assessed such amounts as may be necessary to ensure the solvency of the Pool. The likelihood of an event of this type occurring is remote.

The Colorado Compensation Insurance Authority provides worker's compensation insurance coverage. Commercial insurance companies are used to provide coverage for health, life, and other employee insurance programs maintained by the B.O.C.E.S.

NOTE J – RELATED PARTY SERVICES

The B.O.C.E.S. receives the services of college faculty from Colorado Mesa University for post-secondary class offerings. The expenditures related to these services are included in the financial statements of Colorado Mesa University and amounted to \$2,175,423 for the year ended June 30, 2013.

NOTE K – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Colorado statutes prohibit expenditures, on a total fund basis, to be spent in excess of amounts appropriated. The B.O.C.E.S. Food Service fund had an excess of actual expenditures over appropriations of \$1,876 for the year ended June 30, 2013.

Colorado Department of Education
Auditors Integrity Report
 District: 9135 - GRAND VALLEY BOCES
 Fiscal Year 2012-13
 Colorado School District/BOCES



Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
10 General Fund	711,845	2,410,604	2,469,072	653,377
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	711,845	2,410,604	2,469,072	653,377
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Capital Reserve 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 Non-Voter Approved 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
Totals	711,845	2,410,604	2,469,072	653,377
Proprietary				
51 Food Service Fund	0	0	0	0
50 Other Enterprise Funds	13,014	26,306	32,936	6,384
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	13,014	26,306	32,936	6,384
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	126,653	139,519	177,679	90,593
79 GASB 34-Permanment Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	126,653	139,519	177,679	90,593
FINAL	128,653	139,619	177,679	90,593

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