



GRAND VALLEY BOARD OF COOPERATIVE
EDUCATIONAL SERVICES

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2012

CONTENTS

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS.....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	2
FINANCIAL STATEMENTS	
STATEMENT OF NET ASSETS.....	8
STATEMENT OF ACTIVITIES.....	9
BALANCE SHEET – GOVERNMENTAL FUND	10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUND.....	11
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES	12
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	13
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS – PROPRIETARY FUND.....	14
STATEMENT OF CASH FLOWS – PROPRIETARY FUND.....	15
STATEMENT OF FIDUCIARY NET ASSETS.....	16
NOTES TO FINANCIAL STATEMENTS	17
SUPPLEMENTAL INFORMATION	
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SUPPLEMENTAL SCHEDULE	27
AUTOMATED DATA EXCHANGE VIEW REPORT	



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

September 6, 2012

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 June 30, 2012, which collectively comprise the Grand Valley Board of Cooperative Educational Services basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 at June 30, 2012, and the respective changes in financial position thereof and cash flows, where applicable, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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.

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

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

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, 2012. 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 \$1,453,188 (net assets). Of this amount, \$769,687 is invested in capital assets leaving an unrestricted net asset balance of \$683,501.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$711,846.

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 assets* presents information on all of the GVBOCES assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 8 - 9 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 10 - 13 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 14 - 15 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 17 - 26 of this report.

Other information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the GVBOCES, assets exceeded liabilities by \$1,453,188 at the close of the most recent fiscal year.

Of the GVBOCES net assets, 53% 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 Assets

	Governmental Activities 2011	Business-type Activities 2011	Governmental Activities 2012	Business-type Activities 2012	Total Activities 2011	Total Activities 2012
Current and Other Assets	799,319	17,443	748,264	13,015	816,762	761,279
Capital Assets	709,613	-	769,687	-	709,613	769,687
Total Assets	1,508,932	17,443	1,517,951	13,015	1,526,375	1,530,966
Other Liabilities	65,729	-	77,778	-	65,729	77,778
Net Assets	1,443,203	17,443	1,440,173	13,015	1,460,646	1,453,188
Invested in Capital Assets	709,613	-	769,687	-	709,613	769,687
Unrestricted Assets	733,590	17,443	670,486	13,015	751,033	683,501
Total Net Assets	1,443,203	17,443	1,440,173	13,015	1,460,646	1,453,188

Slightly over half of the GVBOCES assets (53%) reflect its investment in capital assets, less accumulated depreciation. 25% of the GVBOCES assets is cash and investments. 47% 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, 2012 with funds received in fiscal year 2013.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Changes in Net Assets

	Governmental Activities 2011	Business-type Activities 2011	Governmental Activities 2012	Business-type Activities 2012	Total Activities 2011	Total Activities 2012
Revenues						
Program Revenues						
Charges for Services	2,133,307	27,674	2,220,218	25,096	2,160,981	2,245,314
Grants/Contributions	253,357	-	223,953	-	253,357	223,953
General Revenues						
Investment Earnings	426	-	561	-	426	561
Gain on Sale of Assets	-	-	-	-	-	-
Total Revenues	2,387,090	27,674	2,444,732	25,096	2,414,764	2,469,828
Expenditures						
Instructional Services	3,591,865	-	1,166,698	-	3,591,865	1,166,698
Student Services	140,725	-	196,382	-	140,725	196,382
General / Administrative	355,336	-	439,286	-	355,336	439,286
Business Services	156,433	-	145,101	-	156,433	145,101
Central Support	391,024	-	500,295	-	391,024	500,295
Food Services	-	21,049	-	29,524	21,049	29,524
Total Expenses	4,635,383	21,049	2,447,762	29,524	4,656,432	2,477,286
Increase (Decrease) in Net Assets	(2,248,293)	6,625	(3,030)	(4,428)	(2,241,668)	(7,458)
Net Assets July 1, 2010					3,702,314	
Net Assets July 1, 2011					1,460,646	1,460,646
Net Assets July 1, 2012						1,453,188

- Revenues *increased* 2.28%
- Expenses (excluding the 2011 loss on disposed assets of \$2,456,779) *increased* 12.62%
- Investment earnings *increased* 31.69%

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, *unreserved 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 \$711,846, a decrease of \$57,651 in comparison with the prior year. *Unassigned fund balance* of \$711,846 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 \$711,846. 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 assets of the Restaurant Enterprise Fund amounted to \$13,015 as of June 30, 2012, a decrease of \$4,428.

General Fund Budgetary Highlights

There were no differences between the original budget and the final budget.

Capital Asset and Debt Administration

Capital assets. The GVBOCES investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounts to \$769,687 (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 2011	Business-type Activities 2011	Governmental Activities 2012	Business-type Activities 2012	Total Activities 2011	Total Activities 2012
Land	326,431	-	326,431	-	326,431	326,431
Buildings and Building Improvements	-	-	-	-	-	-
Equipment	383,182	-	443,256	-	383,182	443,256
	<u>709,613</u>	<u>-</u>	<u>769,687</u>	<u>-</u>	<u>709,613</u>	<u>769,687</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 ASSETS

June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 349,448	\$ 8,393	\$ 357,841
Accounts receivable, less allowance for doubtful accounts of \$-0-	71,034	1,621	72,655
Due from other governments	327,782	-	327,782
Inventory	-	3,001	3,001
Capital assets (net of accumulated depreciation)			
Land (non-depreciable)	326,431	-	326,431
Equipment	443,256	-	443,256
Total assets	<u>\$ 1,517,951</u>	<u>\$ 13,015</u>	<u>\$ 1,530,966</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Accrued liabilities	\$ 36,418	\$ -	\$ 36,418
Non-current liabilities			
Compensated absences	41,360	-	41,360
Total liabilities	<u>77,778</u>	<u>-</u>	<u>77,778</u>
Net Assets			
Invested in capital assets	769,687	-	769,687
Unrestricted	670,486	13,015	683,501
Total net assets	<u>1,440,173</u>	<u>13,015</u>	<u>1,453,188</u>
Total liabilities and net assets	<u>\$ 1,517,951</u>	<u>\$ 13,015</u>	<u>\$ 1,530,966</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, 2012

Function/Programs	Program Revenues				Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Governmental activities:					
Instructional services	\$ 1,166,698	\$ 948,431	\$ 223,953	\$ 5,686	\$ -
Support services:					
Pupil services	196,382	256,240	-	59,858	-
General administration	439,286	616,791	-	177,505	-
Business administration	145,101	156,711	-	11,610	-
Central support	500,295	242,045	-	(258,250)	-
Total support services	1,281,064	1,271,787	-	(9,277)	-
Total governmental activities	2,447,762	2,220,218	223,953	(3,591)	-
Business-type activities:					
Restaurant	29,524	25,096	-	-	(4,428)
Total business-type activities	29,524	25,096	-	-	(4,428)
Total	\$ 2,477,286	\$ 2,245,314	\$ 223,953	(3,591)	(8,019)
General revenues:					
Interest earnings				561	-
Total general revenues				561	-
Change in net assets				(3,030)	(4,428)
Net assets at beginning of year				1,443,203	17,443
Net assets an end of year				\$ 1,440,173	\$ 13,015
					\$ 1,453,188

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012

ASSETS	General	Total Governmental Funds
Cash and investments	\$ 349,448	\$ 349,448
Accounts receivable, less allowance for doubtful accounts of \$-0-	71,034	71,034
Due from other governments	327,782	327,782
Total assets	\$ 748,264	\$ 748,264
 LIABILITIES AND FUND EQUITY		
Liabilities		
Accrued expenses	\$ 36,418	\$ 36,418
Total liabilities	36,418	36,418
 Fund equity		
Unassigned	711,846	711,846
Total fund equity	711,846	711,846
Total liabilities and fund equity	\$ 748,264	\$ 748,264
Fund equity (as reported above)		\$ 711,846
 Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets are not recorded in the funds		769,687
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds		(41,360)
Net assets of governmental activities		\$ 1,440,173

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, 2012

	General	Total Governmental Funds
Revenues		
Local sources	\$ 2,220,218	\$ 2,220,218
Federal sources	223,953	223,953
Interest revenue	561	561
Total revenues	<u>2,444,732</u>	<u>2,444,732</u>
Expenditures		
Current		
Instructional services		
Vocational education	1,221,319	1,221,319
Support services	1,281,064	1,281,064
Total expenditures	<u>2,502,383</u>	<u>2,502,383</u>
	Excess of revenues over (under) expenditures	
	(57,651)	(57,651)
Fund balance at beginning of year	<u>769,497</u>	<u>769,497</u>
Fund balance at end of year	<u>\$ 711,846</u>	<u>\$ 711,846</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, 2012

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

Net change in fund balances - total governmental funds \$ (57,651)

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 capital outlays exceeded depreciation in the current period (\$107,239 - \$47,165). 60,074

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. (5,453)

Change in net assets of governmental activities \$ (3,030)

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Local sources				
Charges for services - contracts	\$ 2,133,348	\$ 2,133,348	\$ 2,183,032	\$ 49,684
Interest	500	500	561	61
Miscellaneous	66,015	66,015	37,186	(28,829)
	<u>2,199,863</u>	<u>2,199,863</u>	<u>2,220,779</u>	<u>20,916</u>
Federal sources				
Carl Perkins grant	223,953	223,953	223,953	-
	<u>223,953</u>	<u>223,953</u>	<u>223,953</u>	<u>-</u>
Total revenues	<u>2,423,816</u>	<u>2,423,816</u>	<u>2,444,732</u>	<u>20,916</u>
Expenditures				
Current				
Instructional - vocational education	1,157,888	1,157,888	1,221,319	(63,431)
Support services				
Pupil services	189,182	189,182	196,382	(7,200)
General administration	449,252	449,252	439,286	9,966
Business administration	176,260	176,260	145,101	31,159
Central support	500,696	500,696	500,295	401
Contingency	331,515	331,515	-	331,515
	<u>2,804,793</u>	<u>2,804,793</u>	<u>2,502,383</u>	<u>302,410</u>
Capital outlay				
Legislative - equipment	180,738	180,738	-	180,738
Legislative - repairs and maintenance	8,500	8,500	-	8,500
	<u>189,238</u>	<u>189,238</u>	<u>-</u>	<u>189,238</u>
Total expenditures	<u>2,994,031</u>	<u>2,994,031</u>	<u>2,502,383</u>	<u>491,648</u>
Excess of revenues over (under) expenditures	(570,215)	(570,215)	(57,651)	512,564
Fund balance at beginning of year	570,215	570,215	769,497	199,282
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 711,846</u>	<u>\$ 711,846</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 ASSETS - PROPRIETARY FUND

Year ended June 30, 2012

	Business-type Activities- Enterprise Fund
	<u>Restaurant</u>
Operating revenues	
Restaurant meals	\$ 19,119
Catering service and other	<u>5,977</u>
Total revenues	25,096
Operating expenses	
Salaries and benefits	9,246
Food products	15,377
Supplies and miscellaneous	<u>4,901</u>
Total expenses	<u>29,524</u>
	Change in net assets (4,428)
Net assets beginning of year	<u>17,443</u>
Net assets end of year	<u><u>\$ 13,015</u></u>

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, 2012

	Business-type Activities- Enterprise Fund
	<u>Restaurant</u>
Cash flows from operating activities	
Cash received from prepared food sales	\$ 23,835
Cash paid to employees	(9,246)
Cash paid to suppliers	(20,182)
	<u> </u>
Net cash provided (used) by operating activities	(5,593)
	<u> </u>
Increase (decrease) in cash	(5,593)
Cash at beginning of year	<u>13,986</u>
Cash at end of year	<u>\$ 8,393</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (4,428)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	(1,261)
(Increase) decrease in inventory	96
	<u> </u>
Total adjustments	(1,165)
	<u> </u>
Net cash provided (used) by operating activities	<u>\$ (5,593)</u>

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, 2012

ASSETS

Cash

\$ 128,653

Total assets \$ 128,653

LIABILITIES

Due to student groups

\$ 128,653

Total liabilities \$ 128,653

The accompanying notes are an integral part of this statement.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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 Assets, 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 assets are reported in two parts: invested 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 assets 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, 2012

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, 2012

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 balance sheet for this fund includes all current and non-current assets and liabilities (net total assets). Unrestricted net assets is the only component of fund equity. The operating statement summarizes cost of services for the period and reflects the change in net total assets.

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, 2012, which increased the Agency Fund budget from \$51,000 to \$200,000.

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, 2012

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, 2012.

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating revenues	\$ 28,000	\$ 25,096	\$ (2,904)
Operating expenditures	<u>(42,680)</u>	<u>(29,524)</u>	<u>13,156</u>
Net earnings (loss)	(14,680)	(4,428)	10,252
Net assets, beginning	<u>14,680</u>	<u>17,443</u>	<u>2,763</u>
Net assets, ending	<u>\$ —</u>	<u>\$ 13,015</u>	<u>\$ 13,015</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, 2012.

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Beginning cash balance	\$ 51,000	\$ 95,534	\$ 44,534
Cash receipts	<u>200,000</u>	<u>159,378</u>	<u>(40,622)</u>
Cash available	251,000	254,912	3,912
Cash disbursements	<u>200,000</u>	<u>126,259</u>	<u>73,741</u>
Ending cash balance	<u>\$ 51,000</u>	<u>\$ 128,653</u>	<u>\$ 77,653</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, 2012

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, 2012, 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, 2012

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, 2012, balances of interfund amounts receivable or payable have been recorded.

13. Governmental Accounting Standards (GASB) Statement Number 20

The B.O.C.E.S.'s proprietary fund type applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Accounting Standards Codification. The B.O.C.E.S. does not apply the Codification for standards issued after November 30, 1989.

NOTE B – DEPOSITS AND INVESTMENTS

At June 30, 2012, the carrying value of deposits with financial institutions was \$142,910. Cash consists of the following:

Cash on hand	\$ 872
Cash in demand accounts	<u>142,910</u>
Total cash	<u>\$ 143,782</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, 2012, the B.O.C.E.S. cash deposits had a bank balance as follows:

	<u>Bank Balance</u>
Insured deposits	\$ 401,352
Deposits collateralized in single institution pools	<u>95,376</u>
Total deposits	<u>\$ 496,728</u>

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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, 2012, the B.O.C.E.S. had \$9,321 and \$333,391 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, 2012, the approximate market value of the B.O.C.E.S.'s investments is \$342,712. Both COLOTRUST and CSAFE were rated AAAM by Standard & Poor's Corporation.

The total investments are as follows:

COLOTRUST	\$ 9,321
CSAFE	<u>333,391</u>
	<u>\$ 342,712</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 58% and 29% of its general fund revenue for the year ended June 30, 2012, from contracts with Mesa County Valley School District No. 51 and with Colorado Mesa University, respectively.

NOTE D – CAPITAL ASSETS

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Land	\$ 326,431	\$ –	\$ –	\$ 326,431
Depreciable capital assets:				
Equipment	<u>1,236,046</u>	<u>107,239</u>	<u>–</u>	<u>1,343,285</u>
Total depreciable capital assets	1,236,046	107,239	–	1,343,285
Accumulated depreciation				
Equipment	<u>(852,864)</u>	<u>(47,165)</u>	<u>–</u>	<u>(900,029)</u>
Total accumulated depreciation	(852,864)	(47,165)	–	(900,029)
Depreciable capital assets, net	<u>383,182</u>	<u>60,074</u>	<u>–</u>	<u>443,256</u>
Capital assets, net	<u>\$ 709,613</u>	<u>\$ 60,074</u>	<u>\$ –</u>	<u>\$ 769,687</u>

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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	\$ 44,781
Central support	<u>2,384</u>
Total depreciation expense for governmental activities	<u>\$ 47,165</u>

NOTE E – LONG-TERM DEBT

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

	Balance June 30, 2011	Additions (Reductions)	Balance June 30, 2012
Future compensated absences	<u>\$ 35,907</u>	<u>\$ 5,453</u>	<u>\$ 41,360</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, 2012

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 3.0% of the total payroll for the calendar year 2012 (2.6% of total payroll for the calendar year 2011, and 2.2% of total payroll for the calendar year 2010). Additionally, the B.O.C.E.S. is required to pay a supplemental amortization equalization disbursement (SAED) equal to 2.5% of the total payroll for the calendar year 2012 (2.0% of total payroll for the calendar year 2010 and 1.5% of total payroll for the calendar year 2010). 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, 2012, 2011, and 2010 were \$72,082, \$56,098, and \$70,448, 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, 2012, 2011, and 2010, were \$4,577, \$3,846, and \$5,071, respectively, equal to the required contributions for each year.

Grand Valley Board of Cooperative Educational Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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, 2012, the B.O.C.E.S. paid \$14,542 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 \$1,818,055 for the year ended June 30, 2012.

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. did not have any funds with an excess of actual expenditures over appropriations for the year ended June 30, 2012.



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTAL SCHEDULE

September 6, 2012

The Board of Directors
Grand Valley Board of Cooperative Educational Services

We have audited the basic financial statements of Grand Valley Board of Cooperative Educational Services as of and for the year ended June 30, 2012, and have issued our report thereon dated September 6, 2012. These financial statements are the responsibility of Grand Valley Board of Cooperative Educational Services management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Grand Valley Board of Cooperative Educational Services' financial statements as a whole. The accompanying Supplemental Schedule is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Colorado Department of Education

Automated Data Exchange View Report

09/12/2012
09:00 AM

Colorado Department of Education
Fiscal Year 2011-2012
Colorado School District/BOCES
Auditor's Integrity Report

COLORADO BOCS GRAND VALLEY BOCES
District Code: 9135

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	769,497	2,444,732	2,502,384	711,845
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Subtotal	769,497	2,444,732	2,502,384	711,845
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	769,497	2,444,732	2,502,384	711,845
Proprietary				
51 Food Service Fund	0	0	0	0
50 Other Enterprise Funds	17,443	25,096	29,524	13,014
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
TOTALS	17,443	25,096	29,524	13,014
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	95,534	159,378	126,259	128,653
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
TOTALS	95,534	159,378	126,259	128,653

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