EDUCATION reENVISIONED

Board of Cooperative Educational Services

EDUCATION reENVISIONED

AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

EDUCATION reENVISIONED BOCES
June 30, 2019

Appointed Officials
Board of Directors

Dr. Don Griffin *(representing ERBOCES partner El Paso County School Distict 49-Admin)*	President
Marie Lavere-Wright *(representing ERBOCES partner El Paso County School District 49-BoE)*	Vice President
Chelsy Harris *(representing ERBOCES partner Pikes Peak Community College)*	Treasurer
Bethany Drosendahl	Secretary
Lis Richard *(representing ERBOCES partner Creede School District-Admin)*	Board Member
Dan Snowberger *(representing ERBOCES partner Durango School District-Admin)*	Board Member

Administrative Officials

Ken Witt	Executive Director	Annette Ridgway	Finance Director
Kindra Whitmyre	Director of School Operations and Special Education		

Our Schools

COLORADO PREPARATORY ACADEMY

Pikes Peak® ONLINE SCHOOL POWERED BY K12

Our Strategic Partners

PIKES PEAK COMMUNITY COLLEGE

District 49

MINERS

CREEDE SCHOOL DISTRICT

Durango

SCHOOL DISTRICT

9-R

INNOVATION AND EXCELLENCE

EDUCATION reENVISIONED BOCES
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JUNE 30, 2019

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Education reEnvisioned BOCES

We have audited the accompanying financial statements of the governmental activities and each major fund of Education reEnvisioned BOCES (the BOCES), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the BOCES's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Education reEnvisioned BOCES, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

31 East Platte Avenue, Suite 300 • Colorado Springs, CO 80903 • (719) 630-1091 • Fax (719) 630-0522 • www.hoeltingco.com

Other Matters

Required Supplementary Information

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

Hoelting & Company Inc.

Colorado Springs, Colorado
November 12, 2019

As management of the Education ReEnvisioned Board of Cooperative Education Services (the BOCES), we offer readers of the BOCES financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019.

Financial Highlights

- The BOCES only participated in Governmental Activities during 2018/19. As of June 30, 2019, the BOCES had a deficit Net Position totaling -$4,526,651 at the end of the fiscal year, an increase of $1,202,857 from the prior year. The deficit Net Position is due to the net Public Employees Retirement Association (PERA) pension liability of $1,336,002, Deferred PERA Inflows of $4,659,384, net Other Post-Employment Benefit (OPEB) liability of $66,725, and Deferred OBED Inflows of $137,956 being pushed to the entity level.

- General Revenues for the Governmental Activities of the BOCES totaled $17,937,012, or 97.5% of all revenues. Program specific revenues in the form of Charges for Services and Operating Grants and Contributions received accounted for $463,382 or 2.5% of total revenues of $18,400,394.

- Total FTE student count in the BOCES was 2,401.

- The BOCES had two contract schools in 2018/19 – Colorado Preparatory Academy (CPA), and Pikes Peak Online School (PPOS). A contract school is different from a charter school in that there is no charter contract to supersede the chartering organization's authority over the school. A contract school typically utilizes an Education Service Provider (ESP). In the case of both CPA and PPOS, the ESP used was K12 Virtual Schools, LLC.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the BOCES' basic financial statements. The basic financial statements are comprised of three components: 1) government–wide financial statements, 2) fund financial statements, and 3) notes to those financial statements. This report also contains other supplemental 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 BOCES' finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information about all the BOCES' 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 BOCES is improving or deteriorating.

The *Statement of Activities* presents information showing how the BOCES' 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., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the BOCES that are principally supported by taxes and 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 BOCES include instruction, instructional support, general and school administration, business and central services.

Fund Financial Statements. A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The BOCES, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Being a new, and relatively small entity focused for online education (i.e. relatively few physical assets), All of the funds of the BOCES has are categorized as government 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 fund 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 the BOCES' near-term financial requirements.

Because the focus of 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 long-term impact of the BOCES' 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 BOCES maintains two governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances, for both the general fund and the Designated-Purpose Grants Fund.

As required, the BOCES adopts an annual appropriated budget. A budgetary comparison schedule has been provided for both funds to demonstrate compliance with this budget.

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.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the BOCES.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of changes in a government's financial position over time. In the case of the BOCES, Primary Government Liabilities exceeded Assets by $4,526,651 at the close of the most recent fiscal year.

Education reEnvisioned BOCES - Changes in Net Position

	Governmental Activities 2019	Governmental Activities 2018
ASSETS		
Current assets	$ 2,888,191	$ 659,709
Capital assets, net of depreciation	-	4,190
Total assets	2,888,191	663,899
DEFERRED OUTFLOWS		
Deferred pension outflows	683,767	3,726,524
Deferred OPEB outflows	2,787	3,318
LIABILITIES		
Current liabilities	1,901,329	99,532
Long-term liabilities	1,402,727	8,838,626
Total liabilities	3,304,056	8,938,158
DEFERRED INFLOWS		
Deferred pension inflows	4,659,384	1,150,666
Deferred OPEB inflows	137,956	34,425
NET POSITION		
Net Investment in Capital Assets	-	4,190
Restricted for:		
TABOR	553,000	478,000
Unrestricted	(5,079,651)	(6,211,698)
TOTAL NET POSITION	$ (4,526,651)	$ (5,729,508)

Education reEnvisioned BOCES - Statement of Activites

	Governmental Activities 2019	Governmental Activities 2018
PROGRAM REVENUES		
Charges for service	$ -	$ 199,640
Operating Grants & contributions	463,382	426,093
Capital Grants & contributions	-	-
GENERAL REVENUES		
State equalization	17,884,953	15,229,494
Investment earnings	45,972	12,696
Miscellaneous revenues & transfers	6,087	56,277
TOTAL REVENUES	18,400,394	15,924,200
EXPENSES		
Instruction	16,794,251	14,003,135
Supporting Services	403,286	4,328,378
TOTAL EXPENSES	17,197,537	18,331,513
Change in Net Position	1,202,857	(2,407,313)
Beginning Net Position	(5,729,508)	-
Prior Period Adjustment		(3,322,195)
TOTAL NET POSITION	$ (4,526,651)	$ (5,729,508)

Governmental activities improved the net position of the BOCES by $1,202,857. Program revenues included $463,382 in operating grants and contributions. Just under $18.0 million was received in general revenues consisting primarily of school finance act revenue. 98% of expenses were for instructional purposes and accounted for $16,794,251 of $17,197,537 total expenses.

General Funds Budgetary Highlights

The BOCES approves the original budget in June based on enrollment projections for the following school year. In October, after a better estimate of enrollment can be made, adjustments are made to the budget.

Some significant budget highlights include:

- The final (Amended) budget showed decreased revenue by $843,350 from the original (Adopted) budget. The revenue changes were added to reflect decreased student count from the original budget, and moderately lower per-pupil funding from the on-line funding rate. The final budget had corresponding expense decreases of $843,350 driven entirely by re-scaled spend projection for instructional services related to the lower student count. The final budget was intended to cover TABOR reserve requirements of $553,000 with no deficit in unassigned fund balance.

- Actual General Funds results for the 2018/19 fiscal year showed revenues in excess of expenses by $426,685, which was $389,720 better than the final budget. Improvements to budget were primarily the result of staffing reductions and lower operating costs.

Economic Factors and 2019-2020 Budget

- As previously mentioned, the BOCES contracted two schools in 2018/19 – Colorado Preparatory Academy and Pikes Peak Online School, both operated by K12 Virtual Solutions LLC. The two schools are designed to cater to different student populations so that there is no intended overlap and/or competition between the two schools.

- The BOCES maintains its focus on multi-district, online schools. Multi-district schools have no single constituent tax base that they are accountable to; instead accountable to the entire state of Colorado. It is that fact that results in the revenue stream being solely fed by State Equalization rather than a blend of State Equalization and local sources seen in traditional school districts. This statewide perspective makes the BOCES less susceptible to changes in local economic conditions, but completely dependent on statewide economic issues.

- Forecasts for 2019/20 present a ‘flat’ growth pattern for K12 education in student growth, but an increasing demand for online education. As a result, the BOCES expects enrollment to increase next year due to the increasing demand, and will make staffing and expense adjustments commensurate with the associated change in program formula revenue.

Requests for Information

The financial report is designed to provide a general overview of the BOCES’ finances for those with an interest in the operation. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief of Finance & Accounting, Education ReEnvisioned BOCES, 430 Beacon Lite Road, Monument, CO 80132.

BASIC FINANCIAL STATEMENTS

EDUCATION reENVISIONED BOCES
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS	
Current assets	
Cash and cash equivalents	$ 2,887,756
Deposits	435
Total assets	2,888,191
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	683,767
Deferred OPEB outflows	2,787
Total deferred outflows of resources	686,554
LIABILITIES	
Current liabilities	
Accounts payable and other current liabilities	1,718,873
Accrued salaries and benefits	20,282
Unearned revenues	162,174
Long-term liabilities	
Net pension liability	1,336,002
Net OPEB liability	66,725
Total liabilities	3,304,056
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	4,659,384
Deferred OPEB inflows	137,956
Total deferred inflows of resources	4,797,340
NET POSITION	
Restricted for TABOR	553,000
Unrestricted	(5,079,651)
Total net position	$ (4,526,651)

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

EDUCATION reENVISIONED BOCES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Program Expense
Governmental activities:					
Instruction	$ 16,794,251	$ -	$ 462,444	$ -	$ (16,331,807)
Student support	229,924	-	-	-	(229,924)
General administration	63,995	-	938	-	(63,057)
Business services	6,342	-	-	-	(6,342)
Maintenance and operations	48,038	-	-	-	(48,038)
Central services	54,987	-	-	-	(54,987)
Total governmental activities	$ 17,197,537	$ -	$ 463,382	$ -	(16,734,155)
General Revenues:					
Per pupil revenue					17,884,953
Grants and contributions not restricted to specific programs					478
Investment income					45,972
Other income					5,609
Total general revenues					17,937,012
Change in net position					1,202,857
Net position, beginning					(5,729,508)
Net position, ending					$ (4,526,651)

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

EDUCATION reENVISIONED BOCES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Designated Purpose Grants Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 2,887,756	$ -	$ 2,887,756
Due from other funds	-	162,174	162,174
Deposits	435	-	435
Total assets	$ 2,888,191	$ 162,174	$ 3,050,365
LIABILITIES			
Accounts payable and other current liabilities	$ 1,718,873	$ -	$ 1,718,873
Accrued salaries and benefits	20,282	-	20,282
Due to other funds	162,174	-	162,174
Unearned revenue	-	162,174	162,174
Total liabilities	1,901,329	162,174	2,063,503
FUND BALANCES			
Restricted for TABOR	553,000	-	553,000
Unassigned	433,862	-	433,862
Total fund balance	986,862	-	986,862
Total fund balance and liabilities	$ 2,888,191	$ 162,174	$ 3,050,365

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

EDUCATION reENVISIONED BOCES
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance of Governmental Funds		$ 986,862
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.		
Net pension liabilities	$ (1,336,002)	
Pension outflows	683,767	
Pension inflows	(4,659,384)	
Net OPEB liabilities	(66,725)	
OPEB outflows	2,787	
OPEB inflows	(137,956)	(5,513,513)
Total Net Position of Governmental Activities		$ (4,526,651)

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

EDUCATION reENVISIONED BOCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Designated Purpose Grants Fund	Total Governmental Funds
REVENUES			
Local sources	$ 55,427	$ -	$ 55,427
State sources	18,253,386	79,175	18,332,561
Federal sources	477	25,686	26,163
Total revenues	18,309,290	104,861	18,414,151
EXPENDITURES			
Instruction	16,768,564	25,686	16,794,250
Student support	455,828	-	455,828
General administration	549,191	79,175	628,366
Business services	5,997	-	5,997
Maintenance and operations	48,038	-	48,038
Central service	54,987	-	54,987
Total expenditures	17,882,605	104,861	17,987,466
Net change in fund balances	426,685	-	426,685
Fund balances - Beginning	560,177	-	560,177
Fund balances - Ending	$ 986,862	$ -	$ 986,862

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

EDUCATION reENVISIONED BOCES
RECONCILIATION OF THE STATEMENT OF
REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balance of Governmental Funds		$ 426,685
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.		(345)
The net effect of the disposal of assets is a decrease to net position.		(3,845)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the funds.		
Pension expenses	$ 753,854	
OPEB expenses	26,508	780,362
Change in Net Position of Governmental Activities		$ 1,202,857

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Education reEnvisioned BOCES (the BOCES) was organized in May 2013 under the provisions of the Boards of Cooperative Services Act of 1965, C.R.S. 22-5-101 et seq. A BOCES is not a political subdivision of the State, but is a legal entity separate and apart from its member school districts and/or higher education entities to which certain governmental decision-making functions have been delegated. Sponsoring member entities are El Paso County School District 49, and Pikes Peak Community College. The BOCES sponsored its first school, Colorado Preparatory Academy, with a related educational services contract agreement from K12 Virtual Schools, LLC in July 2014. Three additional school have been sponsored since: Pikes Peak Online School (also with K12 Virtual Schools, LLC), Rocky Mountain Digital Academy (initially contracted with Summit Education Group, but subsequently converted to CDBOCES management), and Mountain View Virtual Academy which was established in 2015 as CDBOCES' first internally managed school. In June 2017, the board approved a motion to close both Rocky Mountain Digital Academy and Mountain View Virtual Academy. Both the online schools and the physical Denver location were closed on August 1, 2017.

The financial statements of the BOCES have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the BOCES are described below.

A. REPORTING ENTITY

The inclusion or exclusion of component units is based on a determination of the elected official's financial accountability to their constituents, and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units, which are in substance, part of the primary government) and discretely presented component units. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to fiscal dependency, imposition of will, legal standing, and the primary recipient of services.

The BOCES has no component units for which either discrete or blended presentation is required.

B. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the government. Governmental activities are normally supported by intergovernmental revenues, and other nonexchange transactions. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS

The accounts of the BOCES are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS (CONTINUED)

The emphasis of fund financial statements is on major governmental funds. The BOCES reports two major governmental funds:

The *General Fund* is the government's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Governmental Designated-Purpose Grants Fund* is used to record financial transactions for grants received for designated programs funded by federal, state or local governments.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The 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. Revenues are considered to be available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual are interest revenue and charges for services. Other revenues are not susceptible to accrual because, generally, they are not measurable until received in cash. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

E. ASSET, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

Receivables

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

Deposits

The BOCES has made deposits with certain vendors as required for leases or other services.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include site improvements, are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The capitalization level for equipment is $5,000 in all funds. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Unearned revenues

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

Pensions

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

Pensions (continued)

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.

- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

- As specified in C.R.S. § 24-51-413, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

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

Health Care Trust Fund

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net position flow assumption

The BOCES may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the BOCES's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

Fund balance flow assumption

Sometimes the BOCES will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the BOCES' policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the BOCES is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

Fund Balance Classification (continued)

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the BOCES's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The BOCES would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

F. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

Amounts reported as *program revenues* include 1) fees and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as *general revenues*.

G. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Information

The BOCES follows these procedures in establishing the budgetary data reflected in the financial statement:

1. At the May board meeting of the Board of Directors, the Executive Director submits a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted at Board of Directors meetings to obtain taxpayers comments.

3. Prior to June 30, the budget is adopted by the Board of Directors.

4. Any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

5. Formal budgetary integration is employed as a management control device during the year.

6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts in this report are as originally adopted or amended.

7. All original and supplemental appropriations for all funds lapse at the end of the fiscal year.

NOTE 3 - DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2019 is as follows:

Deposits	$ 112,848
Investments	2,774,908
Total	$ 2,887,756

Deposits and investments are reported in the financial statements as follows:

Cash and cash equivalents	$ 2,887,756

Cash deposits with financial institutions

Custodial credit risk-deposits. 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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured pubic deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At June 30, 2019, the carrying amount of the BOCES's deposits was $112,848 and the bank balances were $109,883. Of the bank balances, $109,883 was covered by federal deposit insurance.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

The BOCES is authorized by Colorado statutes to invest in the following:

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

The BOCES investments at June 30, 2019 consist of the following:

Investments	Maturities	Fair Value
ColoTrust	Less than 60 days	$ 2,774,908

Local Government Investment Pool

The BOCES has invested in the Colorado Government Liquid Asset Trust (Colotrust). Colotrust is a AAA rated investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. This investment vehicle operates similarly to money market funds and each share is equal in value to $1.00. The fair value of the position in the pool is the same as the value of the pool shares.

The designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal function of Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by Colotrust. Investments of Colotrust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes.

Interest Rate Risk: Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. State law limits investment maturities to five years or less as a means of managing exposure to fair value loss resulting from increasing interest rates. The BOCES does not have a formal investment policy that would further limit investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit Risk: Credit risk involves the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those described above. Colotrust is rated AAA by Standard and Poors and maintains a constant net asset value of $1 per share.

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

All interfund receivables and payables are created in conjunction with the District's pooled cash and investment portfolios. Balances are routinely cleared as a matter of practice.

The composition of interfund balances at June 30, 2019 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Grants Fund	General Fund	$ 162,174

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance 06/30/18	Additions	Deletions	Balance 06/30/19
Governmental Activities				
Depreciable assets:				
Site improvements	$ 5,165	$ -	$ (5,165)	$ -
Total depreciable assets	5,165	-	(5,165)	-
Less accumulated depreciation for:				
Site improvements	(975)	(345)	1,320	-
Total accumulated depreciation	(975)	(345)	1,320	-
Total depreciable assets, net	4,190	(345)	3,845	-
Governmental activities, net	$ 4,190	$ (345)	$ 3,845	$ -

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Business Services	$ 345

NOTE 5 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits provided as of December 31, 2018. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

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

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

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

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the
lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lessor of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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

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

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions provisions as of June 30, 2019: Eligible employees, Education reEnvisioned BOCES and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total employer contribution rate to the SCHDTF	19.13%	19.13%

Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

As specified in C.R.S. § 24-51-413, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Education reEnvisioned BOCES is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Education reEnvisioned BOCES were $65,240 for the year ended June 30, 2019.

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

The net pension liability for the SCHDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The Education reEnvisioned BOCES proportion of the net pension liability was based on Education reEnvisioned BOCES contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2019, the Education reEnvisioned BOCES reported a liability of $1,336,002 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the Education reEnvisioned BOCES as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Education reEnvisioned BOCES were as follows:

Education reEnvisioned BOCES proportionate share of the net pension liability	$ 1,336,002
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Education reEnvisioned BOCES	182,680
Total	$ 1,518,682

At December 31, 2018, the Education reEnvisioned BOCES proportion was 0.0075450258 percent, which was a decrease of 0.0191781667 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the Education reEnvisioned BOCES recognized pension expense of $688,614 and revenue of $938 for support from the State as a nonemployer contributing entity. At June 30, 2019, the Education reEnvisioned BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 45,319	$ -
Changes of assumptions or other inputs	249,371	830,849
Net difference between projected and actual earnings on pension plan investments	72,820	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	284,496	3,828,535
Contributions subsequent to the measurement date	31,761	N/A
Total	$ 683,767	$ 4,659,384

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

$31,761 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2019:	
2020	$ (1,367,553)
2021	(1,704,180)
2022	(975,479)
2023	39,834
2024	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	4.78 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and

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

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

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

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

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

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

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

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

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

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 1,698,498	$ 1,336.002	$ 1,031,807

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Health Care Trust Fund

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

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

PERA Benefit Structure
The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Education reEnvisioned BOCES is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Education reEnvisioned BOCES were $6,537 for the year ended June 30, 2019.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

At June 30, 2019, the Education reEnvisioned BOCES reported a liability of $66,725 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The Education reEnvisioned BOCES proportion of the net OPEB liability was based on Education reEnvisioned BOCES contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the Education reEnvisioned BOCES proportion was 0.0049043149 percent, which was a decrease of 0.0102768818 from its proportion measured as of December 3, 2017.

For the year ended June 30, 2019, the Education reEnvisioned BOCES recognized OPEB expense of $23,028. At June 30, 2019, the Education reEnvisioned BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 242	$ 102
Changes of assumptions or other inputs	468	-
Net difference between projected and actual earnings on OPEB plan investments	384	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	137,854
Contributions subsequent to the measurement date	1,693	N/A
Total	$ 2,787	$ 137,956

$1,693 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2019:	
2020	$ (28,344)
2021	(28,344)
2022	(28,344)
2023	(28,077)
2024	(22,861)
Thereafter	(892)

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Actuarial assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.25 percent for 2018, gradually rising to 5.00 percent in 2025
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	$736	$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is $422 per month.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

All costs are subject to the health care cost trend rates, as discussed below.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	$ 64,883	$ 66,725	$ 68,845

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 74,660	$ 66,725	$ 59,942

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

NOTE 8 - RISK MANAGEMENT

The BOCES is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The BOCES carries commercial insurance for these risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the last three fiscal years.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Lease Commitment

The BOCES leases office space under operating leases. The future minimum lease payments for leases are as follows:

Fiscal Year Ending June 30	
2020	$ 17,516

In addition to the base rents above, the leases require additional rents for other costs and expenses incurred by the lessor for operation and maintenance of the leased property. For the fiscal year ended June 30, 2019, amounts expended under leases were $41,696.

NOTE 10 – AMENDMENT TO COLORADO CONSTITUTION

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 requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The BOCES is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2019 there was a $553,000 reservation of fund balance in the General Fund for the amendment.

The Amendment is complex and subject to judicial interpretation. The BOCES believes it is in compliance with the requirements of the amendment. However, the BOCES has made certain interpretations of the amendment's language in order to determine its compliance.

NOTE 11 – COLORADO SCHOOL /BOCES, ELECTRONIC DATA INTEGRITY CHECK FIGURES

The School Finance Act requires inclusion of the Colorado School District/BOCES, Electronic Financial Data Integrity Check Figures as a supplement schedule to the audited financial statements. The Report is based on a prescribed basis of accounting that demonstrates compliance with the financial policies and procedures of the Colorado Department of Education.

REQUIRED SUPPLEMENTARY INFORMATION

EDUCATION reENVISIONED BOCES
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2019

	2018	2017	2016	2015	2014	2013
BOCES's proportion of the net pension liability (asset)	0.0075450258%	0.0267231925%	0.0317499828%	0.0167584014%	0.0039234454%	0.0026890159%
BOCES's proportionate share of the net pension liability (asset)	$ 1,336,002	$ 8,641,331	$ 9,453,198	$ 2,563,079	$ 531,759	$ 342,983
State's proportionate share of the net pension liability (asset) associated with BOCES	182,680	-	-	-	-	-
Total	$ 1,518,682	$ 8,641,331	$ 9,453,198	$ 2,563,079	$ 531,759	$ 342,983
BOCES's covered payroll	$ 414,791	$ 1,232,709	$ 1,424,996	$ 730,327	$ 164,364	$ 108,403
BOCES's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	322.09%	701.00%	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

EDUCATION reENVISIONED BOCES
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2019

	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 65,240	$ 120,560	$ 304,248	$ 204,943	$ 46,691	$ 19,295
Contributions in relation to the contractually required contribution	(65,240)	(120,560)	(304,248)	(204,943)	(46,691)	(19,295)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
BOCES's covered payroll	$ 341,037	$ 638,561	$ 1,655,323	$ 1,155,909	$ 276,608	$ 120,742
Contributions as a percentage of covered payroll	19.13%	18.88%	18.38%	17.73%	16.88%	15.98%

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

EDUCATION reENVISIONED BOCES
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2019

	2018	2017	2016
BOCES's proportion of the net OPEB liability (asset)	0.0049043149%	0.0151811967%	0.0180490816%
BOCES's proportionate share of the net OPEB liability (asset)	$ 66,725	$ 197,295	$ 234,012
BOCES's covered payroll	$ 414,791	$ 1,232,480	$ 1,425,155
BOCES's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	17.0%	17.5%	16.7%

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

EDUCATION reENVISIONED BOCES
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2019

	2019	2018	2017
Contractually required contribution	$ 3,479	$ 6,537	$ 16,845
Contributions in relation to the contractually required contribution	(3,479)	(6,537)	(16,845)
Contribution deficiency (excess)	$ -	$ -	$ -
BOCES's covered payroll	$ 341,036	$ 640,860	$ 1,651,451
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes

See the accompanying independent auditors' report.

EDUCATION reENVISIONED BOCES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Local sources				
Other	$ 315,000	$ 375,000	$ 55,427	$ (319,573)
Total local sources	315,000	375,000	55,427	(319,573)
State sources				
Per pupil revenue	18,734,373	17,831,023	17,884,953	53,930
Other	-	-	368,433	368,433
Total state sources	18,734,373	17,831,023	18,253,386	422,363
Federal sources				
Federal impact aid	2,000	2,000	477	(1,523)
Total federal sources	2,000	2,000	477	(1,523)
Total revenues	19,051,373	18,208,023	18,309,290	101,267
EXPENDITURES				
Instruction	17,538,804	16,743,139	16,768,564	(25,425)
Student support	126,139	126,139	455,828	(329,689)
General administration	1,154,920	1,107,235	549,191	558,044
Business services	54,385	54,385	5,997	48,388
Maintenance and operations	48,400	48,400	48,038	362
Central services	91,760	91,760	54,987	36,773
Total expenditures	19,014,408	18,171,058	17,882,605	288,453
Net change in fund balances	36,965	36,965	426,685	389,720
Fund balance, beginning	475,555	475,555	560,177	84,622
Fund balance, ending	$ 512,520	$ 512,520	$ 986,862	$ 474,342

See the accompanying independent auditors' report.

EDUCATION reENVISIONED BOCES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
State sources				
Grants	142,700	142,700	79,175	(63,525)
Total state sources	142,700	142,700	79,175	(63,525)
Federal sources				
Grants	-	-	25,686	25,686
Total federal sources	-	-	25,686	25,686
Total revenues	142,700	142,700	104,861	(37,839)
EXPENDITURES				
Instruction	36,865	36,865	25,686	11,179
Student support	-	-	-	-
General administration	113,635	113,635	79,175	34,460
Central services	-	-	-	-
Total expenditures	150,500	150,500	104,861	45,639
Net change in fund balance	(7,800)	(7,800)	-	7,800
Fund balance, beginning	-	-	-	-
Fund balance, ending	$ (7,800)	$ (7,800)	$ -	$ 7,800

See the accompanying independent auditors' report.

STATE COMPLIANCE

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON
COLORADO SCHOOL DISTRICT/BOCES
AUDITOR'S INTEGRITY REPORT**

To the Board of Education
Education reEnvisioned BOCES

We have audited the financial statements of the governmental activities and each major fund of Education reEnvisioned BOCES, as of and for the year ended June 30, 2019, which collectively comprise Education reEnvisioned BOCES' basic financial statements, and our report thereon dated November 12, 2019, which expressed an unmodified opinion on those financial statement, appears as listed in the table of contents.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Education reEnvisioned BOCES' financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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.

Colorado Springs, Colorado
November 12, 2019

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Colorado Department of Education

Auditors Integrity Report

District: 9170 - Education reEnvisioned BOCES
Fiscal Year 2018-19
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number Governmental	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 =
10 General Fund	560,177	18,309,290	17,882,605	986,862
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	560,177	18,309,290	17,882,605	986,862
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	0	104,861	104,861	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	560,177	18,414,151	17,987,466	986,862
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL

EDUCATION
reENVISIONED