

**MOUNTAIN BOARD OF COOPERATIVE
EDUCATIONAL SERVICES
LEADVILLE, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

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

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
LEADVILLE, COLORADO**

**ROSTER OF OFFICIALS
June 30, 2018**

BOARD MEMBERS

Erin Flaven – Secretary/Treasury – Buena Vista School District #1
Jeff Fiedler – Member – Lake County School District R-1
Jayne Toyne – President– Park County School District Re-2
Joe Smith – Vice-President – Salida School District R-32J
Rachel Pokrandt – Member – CMC

SUPERINTENDENTS

Lisa Yates – Buena Vista School District #1
Wendy Wyman – Lake County School District R-1
Joe Torrez – Park County School District Re-2
David Blackburn – Salida School District R-32J
Rachel Pokrandt – SAC - CMC

ADMINISTRATIVE

Allan Ward, Executive Director
Joy Yudnich, Business Manager
Allan Ward, Director of Special Education
LaRee Bearss, Coordinator of Special Education

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FINANCIAL SECTION

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

June 30, 2018

The discussion and analysis of Mountain Board of Cooperative Educational Services (Mountain “BOCES”) financial performance provides an overall review of Mountain BOCES’ financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at Mountain BOCES’ financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, and budgetary comparison schedules to broaden their understanding of Mountain BOCES’ financial performance.

Financial Highlights

Mountain BOCES total net position decreased by \$1,859,123 compared to the prior year. The end of fiscal year 2018’s total net position was (\$5,208,262), compared to (\$4,989,817) at the end of fiscal year 2017. This decrease is primarily due to the accounting adjustments (\$1,837,733) necessary to reflect the changes in our net pension liability required by GASB 68.

Mountain BOCES ended with a fund balance in the General Fund of \$873,817 which is an increase of \$161,345 compared to the prior fiscal year. This is after taking in account the \$(1,605,010) special item transferring a portion of the BOCES operations to Colorado River BOCES.

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

Indirect costs were charged to Federal and State grants and other self-supporting programs. Member districts were assessed \$368,323 for Mountain BOCES’ general operations and for services provided in consortia programs.

Using the Basic Financial Statements

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

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

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

Financial Analysis of the BOCES as a Whole

At the end of the current fiscal year the liabilities of Mountain BOCES exceeded its assets which resulted in a negative net position of (\$5,208,262), compared to (\$4,989,817) at the end of fiscal year 2017, decreasing the net position by \$1,859,123.

Government-Wide Financial Statements

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

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

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

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

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

Table 1 - Condensed Statement of Net Position

	Governmental Activities	
	2018	2017
Current Assets	\$ 1,878,118	\$ 4,168,565
Other Assets	45,142	1,078,755
Total Assets	<u>1,923,260</u>	<u>5,247,320</u>
Deferred Outflows of Financial Resources	<u>3,350,052</u>	<u>5,127,496</u>
Current Liabilities	810,749	1,646,394
Noncurrent Liabilities	<u>8,875,266</u>	<u>13,200,011</u>
Total Liabilities	<u>9,686,015</u>	<u>14,846,405</u>
Deferred Inflows of Financial Resources	<u>795,559</u>	<u>518,228</u>
Net Investment in Capital Assets	45,142	1,078,755
Unrestricted Net Position	<u>(5,253,404)</u>	<u>(6,068,572)</u>
Total Net Position	<u>\$ (5,208,262)</u>	<u>\$ (4,989,817)</u>

Current assets decreased by \$2,290,447 and with a decrease in capital assets net of accumulated depreciation and a decrease in deferred outflows of financial resources, the decrease in total assets and deferred outflows from the prior year is \$5,101,504. This is primarily due to the transfer of a portion of the BOCES operations to Colorado River BOCES.

Total liabilities also decreased \$5,160,390. The majority of decrease in liabilities is due to the pension and OPEB liability being transferred to Colorado River BOCES.

Total net position for the current fiscal year is (\$5,208,262) compared to \$(4,989,817) the previous fiscal year, a decrease of \$218,445.

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

TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities	
	2018	2017
Program Revenues:		
Charges for Services	\$ 662,068	\$ 2,890,591
Operating Grants	1,509,875	6,521,355
Total Program Revenues	<u>2,171,943</u>	<u>9,411,946</u>
General Revenues:		
Investment Earnings	13,566	3,312
Miscellaneous	64,335	119,128
Total General Revenues	<u>77,901</u>	<u>122,440</u>
Total Revenues	<u>2,249,844</u>	<u>9,534,386</u>
Expenses		
Instruction	1,093,711	5,072,425
Supporting Services	2,859,024	6,374,484
Community Services	-	22,477
Total Expenses	<u>3,953,403</u>	<u>11,469,386</u>
Change in Net Position	<u>(1,703,559)</u>	<u>(1,935,000)</u>
Transfer of Operations to Colorado River BOCES	<u>1,640,678</u>	<u>-</u>
Net Position - Beginning	(4,989,816)	(2,942,250)
Prior Period Restatement	(155,564)	(112,566)
Net Position - Beginning Restated	<u>(5,145,380)</u>	<u>(3,054,816)</u>
Net Position - Ending	<u>\$ (5,208,261)</u>	<u>\$ (4,989,816)</u>

A year to year decrease in total revenues of \$7,284,542, is primarily attributed to operations for Garfield Re-2, Garfield Re-16 and Roaring Fork school districts being transferred to Colorado River BOCES effective July 1, 2017. The resulted in a significant decrease in revenues from operating grants as well as the related district assessments.. The decrease in total expenditures of \$7,515,983 is similarly attributed to a reductions in activities related to the transfer of operations to Colorado River BOCES as well as the related PERA pension and OPEB benefit cost changes..

Reporting Mountain BOCES' Most Significant Fund

The analysis of Mountain BOCES' major funds begins on page 4. Fund financial reports provide detailed information about Mountain BOCES' major funds. Mountain BOCES' had one operating fund for the 2018 fiscal year, the General Fund.

Governmental Funds - All of Mountain BOCES' activities are reported in the governmental funds (General Fund). Governmental funds focus on how money flows into and out of the funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of Mountain BOCES' general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements of the Governmental Funds. Mountain BOCES' governmental fund is the General Funds. The General Fund accounts for all of Mountain BOCES' instruction and support operations.

Fund Financial Statements

As of June 30, 2018, Mountain BOCES' governmental funds reported a fund balance of \$873,817 that is a decrease of \$1,443,665 from the June 30, 2017 fund balance.

The governmental fund has restricted fund equity of \$300,000 that is subject to an intergovernmental agreement detailing the division of assets in the splitting of the BOCES may be used to meet Mountain BOCES ongoing obligations. The governmental fund has unassigned fund equity of \$501,197 which may be used to meet Mountain BOCES ongoing obligations. The assigned fund equity decreased \$514,276 and unassigned fund equity decreased \$1,229,389 from the previous year, combined \$1,743,665, primarily due to a \$1,605,010 transfer of operations to Colorado River BOCES. The assigned fund equity of \$72,620 is designated to specific programs and capital expenses.

Capital Assets

As of June 30, 2018, Mountain BOCES had a net \$45,142 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. A summary of Mountain BOCES' Capital Assets is as follows:

TABLE 3 - SUMMARY OF CAPITAL ASSETS

	Colorado				Balance 6/30/2018
	Balance	River BOCES	Additions	Retirements	
	7/1/2017	Transfer			
Depreciable assets					
Buildings and site improvements	\$ 1610,682	\$ (1499,281)	\$ -	\$ -	\$ 111,401
Transportation equipment	597,357	(356,506)	-	(109,219)	131,632
Other equipment	<u>231,768</u>	<u>-</u>	<u>15,738</u>	<u>(16,008)</u>	<u>231,498</u>
Total assets	<u>2,439,807</u>	<u>(1,855,787)</u>	<u>15,738</u>	<u>(125,227)</u>	<u>474,531</u>
Accumulated depreciation					
Buildings and site improvements	(698,378)	608,545	(3,787)	-	(93,620)
Transportation equipment	(430,906)	215,954	(12,702)	109,219	(118,435)
Other equipment	<u>(231,768)</u>	<u>-</u>	<u>(15,734)</u>	<u>16,008</u>	<u>(217,334)</u>
Total accumulated depreciation	<u>(1,361,052)</u>	<u>824,499</u>	<u>(18,063)</u>	<u>125,227</u>	<u>(429,389)</u>
Net Capital assets	<u>\$ 1,078,755</u>	<u>\$ (1,031,288)</u>	<u>\$ (2,325)</u>	<u>\$ -</u>	<u>\$ 45,142</u>

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

Debt Administration

As of June 30, 2018 Mountain BOCES had one outstanding debit of \$77,950 associated with a bus lease which will transfer to the Colorado River BOCES.

	Restated	Colorado			Balance	Current Interest	
	Balance #NAME?	River BOCES Transfer	Advances	Payments	#NAME?	Portion	Expense
Net OPEB Liability	\$ 160,417	\$ -	\$ 37,438	\$ -	\$ 197,855	\$ -	\$ -
PERA Net Pension Liability	13,122,421	(6,641,479)	2,183,330	-	8,664,272	-	-
Capital Leases Payable	<u>77,590</u>	<u>(77,590)</u>	<u>15,738</u>	<u>2,599</u>	<u>13,139</u>	<u>3,564</u>	<u>668</u>
Total Long-term Liabilities	<u>\$ 13,360,428</u>	<u>\$ (6,719,069)</u>	<u>\$ 2,236,506</u>	<u>\$ 2,599</u>	<u>\$ 8,875,266</u>	<u>\$ 3,564</u>	<u>\$ 668</u>

General Fund Budget

The Board of Director's adopts Mountain BOCES' budget in May of each year. Changes are then made in January, if needed, after grant allocations are announced and staff changes are made for the new school year. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional revenues are received. The majority of changes to the General Fund budget are due to grant revisions made after the May budget adoption.

General Fund revenues were approximately \$40,000 (1.7%) under the revised budget. Expenditures were \$127,689 (5.7%) under the revised budget.

The State of Mountain BOCES

Mountain BOCES includes Lake County, Park County Re2, Buena Vista and Salida School Districts.

Requests for Information

The financial report is designed to provide a general overview of Mountain BOCES' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager at 1713 Mt. Lincoln Drive W., Leadville, CO 80461 or by calling 719.486.2603 ext. 316.

Holscher, Mayberry & Company, LLC

Certified Public Accountants

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

Board of Directors
Mountain Board of Cooperative Educational Services
Leadville, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund, and the aggregate remaining fund information of the Mountain Board of Cooperative Educational Services, Colorado, as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the basic financial statements of the BOCES, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and aggregate remaining fund information of Mountain Board of Cooperative Educational Services, Colorado, as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Mountain Board of Cooperative Educational Services 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 27, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the 2017 financial statements have been restated to reflect the adoption of GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of the standard required restatement of the beginning June 30, 2018 fiscal year net position. Our opinion is not modified with respect to this matter.

As discussed in Note 13 to the financial statements, effective July 1, 2017, Mountain BOCES transferred a portion of its operations to Colorado River BOCES pursuant to GASB Statement Number 69 – Government Combinations and Disposals of Government Operations. This transfer resulted in a reporting of a special item in the governmental fund and governmental activity presentations. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 – M7 and the pension schedules on page 45 - 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information – Budgetary Comparison Schedule

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 49 -51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition, the budgetary comparison schedule on page 52 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports on pages 53 - 5 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Holscher, Mayberry + Company, LLC

Englewood, CO
December 17, 2018

BASIC FINANCIAL STATEMENTS

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

STATEMENT OF NET POSITION

June 30, 2018

	GOVERNMENTAL ACTIVITIES
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
ASSETS	
Current Assets	
Cash and Investments	\$ 1,606,060
Accounts Receivable	93,212
Grants Receivable	144,851
Due from Other Funds	33,995
Total Current Assets	<u>1,878,118</u>
Noncurrent Assets	
Capital Assets	474,531
Accumulated Depreciation	<u>(429,389)</u>
Total Noncurrent Assets	<u>45,142</u>
TOTAL ASSETS	<u>1,923,260</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Net Deferred Outflows - Pensions	3,316,158
Net Deferred Outflows - OPEB	<u>33,894</u>
TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>3,350,052</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>\$ 5,273,312</u>
LIABILITIES, DEFERRED INFLOWS OF FINANCIAL RESOURCES AND NET POSTION	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 163,121
Accrued Salaries and Benefits	14,363
Due to Other Funds	633,265
Total Current Liabilities	<u>810,749</u>
Noncurrent Liabilities	
Due Within One Year	3,564
Due Beyond One Year	<u>8,871,702</u>
Total Noncurrent Liabilities	<u>8,875,266</u>
TOTAL LIABILITIES	<u>9,686,015</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Net Deferred Inflows Pensions	598,697
Net Deferred Inflows OPEB	3,310
Deferred Inflows - Grants	<u>193,552</u>
TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES	<u>795,559</u>
NET POSITION	
Net Investment in Capital Assets	45,142
Unrestricted	<u>(5,253,404)</u>
TOTAL NET POSITION	<u>(5,208,262)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSTION	<u>\$ 5,273,312</u>

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

STATEMENT OF ACTIVITIES

June 30, 2018

	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>GOVERNMENTAL ACTIVITIES TOTAL</u>
FUNCTIONS/PROGRAMS				
GOVERNMENTAL ACTIVITIES:				
Current:				
Instruction	\$ 1,093,711	\$ 252,884	\$ 689,600	\$ (151,226)
Supporting Services	<u>2,859,024</u>	<u>409,184</u>	<u>820,275</u>	<u>(1,629,566)</u>
 TOTAL PRIMARY GOVERNMENT	 <u>\$ 3,953,403</u>	 <u>\$ 662,068</u>	 <u>\$ 1,509,875</u>	 <u>(1,781,460)</u>
 GENERAL REVENUES:				
Investment Earnings				13,566
Miscellaneous				<u>64,335</u>
Subtotal, General Revenues				<u>77,901</u>
 Change in Net Position				 (1,703,559)
 Special Item:				
Transfer of Operations to Colorado River BOCES				<u>1,640,678</u>
 Change in Net Position After Special Item				 <u>(62,881)</u>
 Net Position - Beginning				 (4,989,817)
Prior Period Restatement				<u>(155,564)</u>
Net Position - Beginning				<u>(5,145,381)</u>
 Net Position - Ending				 <u>\$ (5,208,262)</u>

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2018

With Comparative Totals for June 30, 2017

	<u>GOVERNMENTAL FUNDS</u>	
	<u>GENERAL FUND</u>	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and Investments	\$ 1,306,060	\$ 2,896,749
Restricted Cash and Investments	300,000	-
Accounts Receivable	93,212	34,658
Grants Receivable	144,851	703,163
Due from Other Funds	33,995	33,995
Deposits	-	500,000
TOTAL ASSETS	<u>\$ 1,878,118</u>	<u>\$ 4,168,565</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 163,121	\$ 1,344,288
Accrued Salaries and Benefits	14,363	302,106
Payable - Colorado River BOCES	633,265	-
TOTAL LIABILITIES	<u>810,749</u>	<u>1,646,394</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES		
Deferred Inflows - Grants	<u>193,552</u>	<u>204,689</u>
FUND BALANCE		
Restricted Fund Balance:		
Restricted for Contingency Escrow	300,000	-
Assigned Fund Balance	72,620	586,896
Unassigned	501,197	1,730,586
TOTAL FUND BALANCE	<u>873,817</u>	<u>2,317,482</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND	<u>\$ 1,878,118</u>	<u>\$ 4,168,565</u>

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**Reconciliation of Governmental Fund Balance
to Governmental Activities Net Position
June 30, 2018
With Comparative Totals for June 30, 2017**

Fund Balance - Governmental Funds		\$	873,817
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, being depreciated	474,531		
Accumulated depreciation	<u>(429,389)</u>		45,142
Certain long-term pension and OPEB related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds			
PERA Pension			
Net deferred pension outflows	3,316,158		
Net pension liability	(8,664,272)		
Net deferred pension inflows	<u>(598,697)</u>		(5,946,811)
PERA Health Care Trust Fund (OPEB)			
Net deferred OPEB outflows	33,894		
Net OPEB liability	(197,855)		
Net deferred OPEB inflows	<u>(3,310)</u>		(167,271)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Capital lease obligations			<u>(13,139)</u>
Total Net Position - Governmental Activities		\$	<u>(5,208,262)</u>

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017**

	GOVERNMENTAL FUNDS	
	GENERAL FUND	
	2018	2017
REVENUES		
Local Sources:		
Transportation Fees	\$ 75,100	\$ 56,865
Interest Income	13,566	3,312
Donations	-	158,543
Member Assessments	368,323	2,647,463
Services Provided Outside AU	20,759	27,720
Indirect Cost Recovery	-	137,248
Other Local	321,193	217,418
Total Local Sources	<u>798,941</u>	<u>3,248,569</u>
Intermediate Sources:		
Other Intermediate Source Revenue	-	22,370
State Sources:		
ECEA	747,325	2,705,420
Gifted and Talented	38,136	144,111
Educator Effectiveness	-	1,700
GT Education Universal Screening	25,629	31,759
State BOCES Allocation	21,070	139,503
State Grant Writing	6,483	11,039
On-Line Grant	-	916,587
Total State Sources	<u>838,643</u>	<u>3,950,119</u>
Federal Sources:		
IDEA Part B	597,311	2,356,791
IDEA Preschool	14,949	49,953
CACFP Grant	-	4,874
Total Federal Sources	<u>612,260</u>	<u>2,411,618</u>
TOTAL REVENUES	<u>2,249,844</u>	<u>9,632,676</u>
EXPENDITURES		
Local Programs		
Yampah Mountain High School	7,374	1,131,676
Executive Leadership	55,927	232,325
Professional Learning	473	1,021
Business Services	93,482	184,186
Human Resources	2,277	6,734
Educational Resources Center	2,929	27,825
Alternative Licensure/Induction	134,936	163,787
Courier Services	4,679	12,622
Other General Administrative	59,467	116,156
Other Local Donations	-	84,235
Teen Parent Program	-	158,047
Total Local Programs	<u>361,544</u>	<u>2,118,614</u>

(Continued)

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017**

	<u>GOVERNMENTAL FUNDS</u>	
	<u>GENERAL FUND</u>	
	<u>2018</u>	<u>2017</u>
EXPENDITURES (Continued)		
State Grants:		
ECEA - Special Education	1,031,067	3,781,648
Gifted and Talented	38,136	144,113
Educator Effectiveness	-	1,700
GT Education Universal Screening	32,946	31,759
Grant Writing	7,214	11,039
Colorado On-Line	-	916,587
Ctr for Collab Initiative	<u>21,070</u>	<u>139,503</u>
Total State Grant Programs	<u>1,130,433</u>	<u>5,026,349</u>
Federal Grants:		
IDEA - Education of the Handicapped	597,311	2,356,791
IDEA - Preschool	14,949	49,953
CACFP Grant	-	4,874
Total Federal Grant Expenditures	<u>612,260</u>	<u>2,411,618</u>
 TOTAL EXPENDITURES	 <u>2,104,237</u>	 <u>9,556,581</u>
 OTHER FINANCING SOURCES		
Capital Lease Proceeds	<u>15,738</u>	<u>-</u>
 CHANGE IN FUND BALANCE	 161,345	 76,095
 SPECIAL ITEM		
Transfer of Operations to Colorado River BOCES	<u>(1,605,010)</u>	<u>-</u>
 CHANGE IN FUND BALANCE AFTER SPECIAL ITEM	 (1,443,665)	 76,095
 FUND BALANCE - Beginning	 <u>2,317,482</u>	 <u>2,241,387</u>
 FUND BALANCE - Ending	 <u>\$ 873,817</u>	 <u>\$ 2,317,482</u>

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**Reconciliation of Governmental Fund Net Change in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017**

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS		\$ (1,443,665)
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:		
Special Item - Transfer of capital assets to Colorado River BOCES		(1,031,288)
Capitalized assets	15,738	
Depreciation expense	<u>(18,063)</u>	(2,325)
Pension and OPEB expense at the fund level represent cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.		
Special Item - Transfer of PERA Pension to Colorado River BOCES		4,199,386
PERA Pension		
Change in deferred pension outflows	771,252	
Change in net pension liability	(2,183,330)	
Change in deferred pension inflows	<u>(425,655)</u>	(1,837,733)
PERA Health Care Trust Fund (OPEB)		
Change in deferred OPEB outflows	29,041	
Change in net OPEB liability	(37,438)	
Change in deferred OPEB inflows	<u>(3,310)</u>	(11,707)
Debt proceeds are reported as an other financing source at the fund level and are reported as long-term obligations at the activity level		
Capital lease proceeds		(15,738)
Debt principal payments are expensed at the fund level and reduce long-term liabilities at the activity level		
Special Item - Transfer of capital lease payable to Colorado River BOCES		77,590
Capital lease principal payments		<u>2,599</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ (62,881)</u>

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2018

With Comparative Totals for June 30, 2017

	<u>TOTAL</u>	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ -	\$ 179,765
LIABILITIES		
Due to Other Funds	\$ -	\$ 33,995
Accounts Payable -		
Due to Student Groups	-	145,770
TOTAL LIABILITIES	-	179,765
NET POSITION	\$ -	\$ -

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Mountain Board of Cooperative Educational Services (the BOCES) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the BOCES' management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and as subsequently amended. Based upon the application of these criteria, no governmental organizations are includable within the BOCES' reporting entity.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the BOCES as a whole. The reporting information includes all of the non-fiduciary activities of the BOCES. These statements are used to distinguish between the governmental and business-type activities of the BOCES. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The BOCES does not have any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the BOCES and for each function of the BOCES' governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The BOCES reports the following major governmental fund:

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the BOCES gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The BOCES considers all revenues reported in the governmental funds to be available if they can be used to satisfy current obligations as of year-end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

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

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

- o Budgets are required by state law for all funds. By May 31, the Executive Director submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- o Public hearings are conducted by the Board to obtain taxpayer comments.
- o Prior to June 30, the budget is adopted by formal resolution.
- o Expenditures may not legally exceed appropriations at the fund level.
- o Revisions that alter the total expenditures of any fund must be approved by the Board.
- o Budgeted amounts reported in the accompanying financial statements are as adopted or amended by the Board.

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

Cash - The BOCES pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest bearing accounts which are comprised of certificates of deposit, savings accounts and money market accounts which are legally authorized. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

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

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

Capital Assets - Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Unearned Revenues - Unearned revenues include governmental grants which have been received but not yet earned as service has not been provided.

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

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has several items that qualify for reporting in this category, all related to outstanding pension and OPEB obligations and further described in Note 6 and Note 8.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The BOCES reports deferred inflows for pension and OPEB related deferrals as further described in Note 6 and Note 8 as well as unspent grant funding.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts. The BOCES has no committed fund balances.

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

All remaining fund balance amounts are shown as unassigned.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance Flow Assumptions

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

Revenues and Expenditures

Revenues and Expenditures - Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying Basic financial statements in order to provide an understanding of changes in the BOCES financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2: CASH AND INVESTMENTS

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The BOCES' deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2018, all of the BOCES' deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized (Not in BOCES name)	159,391	159,236
Total Deposits	<u>\$ 409,391</u>	<u>\$ 409,236</u>

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

Investments

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2018 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Fund Investments	\$ -	\$ 1,148,271	\$ -	\$ 1,148,271

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- **Mutual Funds:** Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.

The BOCES recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2018, there were no changes in the methods or assumptions utilized to derive the fair value of the BOCES assets and liabilities.

Credit Risk

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

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

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

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

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

Concentration of Credit Risk

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. The BOCES does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes.

Custodial Credit Risk – Investments

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

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

Bank Deposits	\$	409,236
Local Govt Investment Pools		48,553
Mutual Fund Investments		<u>1,148,271</u>
Total Cash and Investments	\$	<u><u>1,606,060</u></u>
Unrestricted	\$	1,306,060
Restricted - Contingency Escrow		<u>300,000</u>
Total Cash and Investments	\$	<u><u>1,606,060</u></u>

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 3: CAPITAL ASSETS

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

	Colorado				Balance 6/30/2018
	Balance 7/1/2017	River BOCES Transfer	Additions	Retirements	
Depreciable assets					
Buildings and site improvements	\$ 1610,682	\$ (1499,281)	\$ -	\$ -	\$ 111,401
Transportation equipment	597,357	(356,506)	-	(109,219)	131,632
Other equipment	<u>231,768</u>	<u>-</u>	<u>15,738</u>	<u>(16,008)</u>	<u>231,498</u>
Total assets	<u>2,439,807</u>	<u>(1,855,787)</u>	<u>15,738</u>	<u>(125,227)</u>	<u>474,531</u>
Accumulated depreciation					
Buildings and site improvements	(698,378)	608,545	(3,787)	-	(93,620)
Transportation equipment	(430,906)	215,954	(12,702)	109,219	(118,435)
Other equipment	<u>(231,768)</u>	<u>-</u>	<u>(1,574)</u>	<u>16,008</u>	<u>(217,334)</u>
Total accumulated depreciation	<u>(1,361,052)</u>	<u>824,499</u>	<u>(18,063)</u>	<u>125,227</u>	<u>(429,389)</u>
Net Capital assets	<u>\$ 1,078,755</u>	<u>\$ (1,031,288)</u>	<u>\$ (2,325)</u>	<u>\$ -</u>	<u>\$ 45,142</u>
Instruction			\$ 7,718		
Supporting services			<u>10,345</u>		
Total depreciation			<u>\$ 18,063</u>		

Mountain BOCES transferred capital assets with a net carrying value of \$1,031,288 to Colorado River BCOES effective July 1, 2018 as further described in Note 13.

NOTE 4: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2018, are \$14,363. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

NOTE 5: LONG-TERM OBLIGATIONS

The BOCES long-term debt transactions for the year ended June 30, 2018, were as follows

	Restated Balance 6/30/17	Colorado River BOCES		Balance 6/30/18	Current Portion	Interest Expense
		Transfer	Advances			
Net OPEB Liability	\$ 160,417	\$ -	\$ 37,438	\$ -	\$ -	\$ -
PERA Net Pension Liability	13,122,421	(6,641,479)	2,183,330	-	-	-
Capital Leases Payable	77,590	(77,590)	15,738	2,599	3,564	668
Total Long-term Liabilities	<u>\$ 13,360,428</u>	<u>\$ (6,719,069)</u>	<u>\$ 2,236,506</u>	<u>\$ 2,599</u>	<u>\$ 8,875,266</u>	<u>\$ 3,564</u> <u>\$ 668</u>

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 5: LONG-TERM OBLIGATIONS (Continued)

Capital Leases

In 2018, the BOCES entered into a capital lease arrangement for the purchase of a copier. The lease was for \$15,738, and requires 5 annual payments of \$3,564 through 2023 at 4.24%. The BOCES has capitalized assets with a remaining value of \$14,164 related to this lease. Payments are expected to be made by the General Fund.

In 2017, the BOCES entered into a capital lease arrangement for the purchase of a school bus. The lease was for \$98,290, and requires 5 annual payments of \$20,700 through 2021 at 2.65%. This lease was formally transferred to Colorado River BOCES as of July 1, 2018 as further described in Note 13.

Future minimum lease payments on the lease are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 3,564
2020	3,564
2021	3,564
2022	3,564
2023	297
Total Payments	14,553
Less Interest at 5.00%	(1,414)
Present Value of Payments	<u>\$ 13,139</u>

NOTE 6: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan

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

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

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

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

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

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from BOCES were \$230,263 for the plan year ended December 31, 2017 and \$101,891 for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the BOCES reported a liability of \$8,664,272 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The BOCES's proportion of the net pension liability was based on BOCES's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the BOCES's proportion was 0.02679%, which was an increase of 0.005027% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018 the BOCES recognized pension expense of \$1,939,624. At June 30, 2018, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 149,994	\$ -
Changes of assumptions or other inputs	\$ 1,923,279	\$ (11,980)
Net difference between projected and actual earnings on pension plan	\$ 146,576	\$ (512,019)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 1,057,791	\$ (74,698)
Contributions subsequent to the measurement date	\$ 38,518	\$ -
Total	\$ 3,316,158	\$ (598,697)

\$38,518 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension asset (liability)	\$ (10,944,450)	\$ (8,664,272)	\$ (6,806,188)

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

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

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

At June 30, 2018, the BOCES reported a liability of \$8,664,272 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the BOCES's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$3,914,443

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$4,044,536 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

NOTE 7: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

Plan Description - Employees of the BOCES that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The BOCES does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2018 program members contributed \$28,446.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Summary of Significant Accounting Policies

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

Plan Description.

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

Benefits Provided

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan

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

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from BOCES were \$12,607 for the plan year ended December 31, 2017 and \$5,680 for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the BOCES reported a liability of \$197,855 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The BOCES's proportion of the net OPEB liability was based on BOCES's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the BOCES's proportion was 0.01522%, which was an increase of 0.00285% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the BOCES recognized OPEB expense of \$17,387. At June 30, 2018, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 936	\$ -
Net difference between projected and actual earnings on pension plan	\$ -	\$ (3,310)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 30,900	\$ -
Contributions subsequent to the measurement date	\$ 2,058	\$ -
Total	\$ 33,894	\$ (3,310)

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

\$2,058 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Fiscal Year Totals
2019	\$ 5,427
2020	5,427
2021	5,427
2022	5,427
2023	6,255
2024	563
Total	\$ 28,526

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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%	

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Discount Rate	1% Increase
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Proportionate share of the net OPEB asset (liability)	\$ (192,412)	\$ (197,855)	\$ (204,412)

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 9: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES AND COMPLIANCE (Continued)

Tabor Amendment - In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limits. The amendment does not specifically address BOCES. However, several legal opinions have been issued stating that a BOCES itself is not subject to the requirements and restrictions of the TABOR amendment. There have been several recent court cases with organizations similar to BOCES, where the court has found that these organizations are not subject to TABOR since they are not a municipality and do not exercise independent "Government" power. However, in virtually all situations, a BOCES will be impacted to the degree that their member BOCESs are impacted by the restrictions of TABOR. A BOCES does not need to maintain emergency reserves required by TABOR, and expenditures can fluctuate independently of TABOR.

NOTE 10: FUND BALANCE ASSIGNMENTS

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

Assigned-Colorado Legacy	1,192
Assigned-CO Educ. Init.	22
CSDB Assigned Fund Balance	22,666
Technology Assigned Fund Balance	3,498
Alt. Licensure Assigned Fund Balance	35,395
Transportation Assigned Fund Balance	9,846
Total Assigned Fund Balance	<u>\$ 72,619</u>

NOTE 11: DEFICIT NET POSITION

The Governmental Activities has an overall deficit net position of \$(5,090,487) and an unrestricted net position deficit of \$(5,153,649), primarily due to the PERA net pension liability of \$8,664,272 and OPEB net liability of \$197,855, as further described in Note 6. As the BOCES has no control over pension benefits or contribution rates, the BOCES expects this deficit net position to continue for the foreseeable future.

NOTE 12: PRIOR PERIOD RESTATEMENT

For the fiscal year, the District adopted GASB Statement Number 68 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement places a long-term obligation, as well as related deferred outflows and inflows, on the Statement of Net Position related to future postemployment benefit obligations. The BOCES has restated the beginning net position for the governmental activities for those balances that were applicable as of June 30, 2017. This restatement resulted in a net decrease in governmental activity net position of \$155,564.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 13: TRANSFER OF OPERATIONS TO COLORADO RIVER BOCES

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

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

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

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

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

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

There were also various transactions that occurred during fiscal year 2018 that were related to West Group operations that still needed to be remitted at year end. These amounted to an additional \$17,800 of payables owed to Colorado River BOCES at year end.

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

REQUIRED SUPPLEMENTARY INFORMATION
(Pension and OPEB Schedules - Unaudited)

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICE:

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

	<u>6/30/18</u>	<u>Restated 6/30/17</u>	<u>6/30/16</u>
BOCES' proportion of the net pension asset (liability)	0.026794%	0.044074%	0.046299%
BOCES' proportionate share of the net pension asset (liability)	\$ (8,664,272)	\$ (6,480,942)	\$ (7,081,153)
BOCES' covered payroll	\$ 1,235,982	\$ 726,547	\$ 2,017,713
BOCES' proportionate share of the net pension asset (liability) as a percentage of covered payroll	701.00%	892.02%	350.95%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.16%

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

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

See the accompanying Independent Auditors' Report.

<u>6/30/15</u>	<u>6/30/14</u>
0.047128%	0.046427%
\$ (6,387,447)	\$ (5,921,766)
\$ 1,974,331	\$ 1,871,625
323.52%	316.40%
62.84%	64.07%

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

SCHEDULE OF BOCES CONTRIBUTIONS

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

	<u>6/30/18</u>	<u>Restated 6/30/17</u>	<u>6/30/16</u>
Contractually required contributions	\$ 230,263	\$ 131,723	\$ 349,670
Actual contributions	<u>\$ (230,263)</u>	<u>\$ (131,723)</u>	<u>\$ (349,670)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES' covered payroll	\$ 1,235,982	\$ 726,547	\$ 2,017,713
Contributions as a percentage of covered payroll	18.63%	18.13%	17.33%

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

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

See the accompanying Independent Auditors' Report.

<u>6/30/15</u>	<u>6/30/14</u>
\$ 324,383	\$ 290,663
<u>(324,383)</u>	<u>(290,663)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 1,974,331	\$ 1,871,625
16.43%	15.53%

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

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

	<u>06/30/18</u>	<u>06/30/17</u>
BOCES' proportion of the net pension asset (liability)	0.015224%	0.012373%
BOCES' proportionate share of the net pension asset (liability)	\$ (197,855)	\$ (160,417)
BOCES' covered payroll	\$ 1,235,981	\$ 4,043,159
BOCES' proportionate share of the net pension asset (liability) as a percentage of covered payroll	16.01%	3.97%
Plan fiduciary net position as a percentage of the total pension liability	17.53%	16.70%

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

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

See the accompanying Independent Auditors' Report.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

SCHEDULE OF BOCES CONTRIBUTIONS

PERA Health Care Trust Fund

Last 10 Fiscal Years⁽¹⁾

	<u>06/30/18</u>	<u>06/30/17</u>
Contractually required contributions	\$ 12,607	\$ 41,240
Actual contributions	<u>(12,607)</u>	<u>(41,240)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
BOCES' covered payroll	\$ 1,235,981	\$ 4,043,159
Contributions as a percentage of covered payroll	1.02%	1.02%

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

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

See the accompanying Independent Auditors' Report.

BUDGETARY COMPARISON SCHEDULE
(Required Supplementary Information)

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

For the Year Ended June 30, 2018

With Comparative Totals for the Year Ended June 30, 2017

	2018				
	ORIGINAL	FINAL		VARIANCE	
	BUDGET	BUDGET	ACTUAL	WITH FINAL	2017
			BUDGET	ACTUAL	
REVENUES					
Local Sources:					
Transportation Fees	\$ 102,266	\$ 77,331	\$ 75,100	\$ (2,231)	\$ 56,865
Interest Income	160	160	13,566	13,406	3,312
Donations	-	-	-	-	158,543
Member Assessments	482,590	405,134	368,323	(36,811)	2,647,463
Services Provided Outside AU	70,000	-	20,759	20,759	27,720
Alternative Licenseure Program	-	130,026	197,886	67,860	167,250
Indirect Cost Recovery	-	76,685	58,972	(17,713)	181,341
Other Local	212,111	29,928	64,335	34,407	6,075
Total Local Sources	<u>867,127</u>	<u>719,264</u>	<u>798,941</u>	<u>79,677</u>	<u>3,248,569</u>
Intermediate Sources:					
Other Intermediate Source Revenue	-	-	-	-	22,370
State Sources:					
ECEA	706,239	734,334	747,325	12,991	2,705,420
Gifted and Talented	35,094	38,136	38,136	-	144,111
Educator Effectiveness	-	-	-	-	1,700
GT Education Universal Screening	39,711	25,629	25,629	-	31,759
State BOCES Allocation	120,388	120,388	21,070	(99,318)	139,503
On-Line Grant	-	-	-	-	916,587
Grant Writing	22,247	22,247	6,483	(15,764)	11,039
Total State Sources	<u>923,679</u>	<u>940,734</u>	<u>838,643</u>	<u>(102,091)</u>	<u>3,950,119</u>
Federal Sources:					
IDEA Part B	567,717	612,732	597,311	(15,421)	2,356,791
IDEA Preschool	12,720	14,755	14,949	194	49,953
CACFP Grant	-	-	-	-	4,874
IDEA Part B: Special Ed Competitive	1,944	1,944	-	(1,944)	-
Total Federal Sources	<u>582,381</u>	<u>629,431</u>	<u>612,260</u>	<u>(17,171)</u>	<u>2,411,618</u>
TOTAL REVENUES	<u>2,373,187</u>	<u>2,289,429</u>	<u>2,249,844</u>	<u>(39,585)</u>	<u>9,632,676</u>
EXPENDITURES					
Instruction:					
Salaries	33,000	33,000	40,841	(7,841)	811,933
Benefits	1,545	1,545	1,558	(13)	325,212
PS - Professional	71,092	71,092	8,894	62,198	76,651
PS - Property	-	-	-	-	492
PS - Other	759,717	792,676	831,239	(38,563)	2,929,211
Supplies	2,000	2,000	4,840	(2,840)	9,737
Property	2,000	2,000	8,323	(6,323)	2,658
Other Expenses	-	-	-	-	7,250
Total Instruction	<u>869,354</u>	<u>902,313</u>	<u>895,695</u>	<u>6,618</u>	<u>4,163,144</u>
Support Services:					
Pupil Support:					
Salaries	7,800	7,800	8,082	(282)	163,779
Benefits	1,672	1,672	1,731	(59)	55,406
PS - Professional	-	-	-	-	8,239
PS - Property	1,000	1,000	528	472	1,634
PS - Other	510,107	550,395	541,375	9,020	2,226,762
Supplies	6,200	2,200	2,806	(606)	1,367
Property	1,000	1,000	-	1,000	1,843
Total Pupil Support	<u>527,779</u>	<u>564,067</u>	<u>554,522</u>	<u>9,545</u>	<u>2,459,030</u>

(Continued)

See the Accompanying Independent Auditors' Report.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

For the Year Ended June 30, 2018

With Comparative Totals for the Year Ended June 30, 2017

	2018				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	2017 ACTUAL
EXPENDITURES (Continued)					
Support Services (Continued):					
Staff Support:					
Salaries	61,387	61,833	60,228	1,605	219,987
Benefits	20,271	20,271	21,153	(882)	65,431
PS - Professional	108,349	108,349	1,275	107,074	892,944
PS - Other	15,344	9,199	27,262	(18,063)	60,129
Supplies	4,900	2,700	5,104	(2,404)	12,392
Property	-	-	-	-	1,874
Other Expenses	71,685	2,500	-	2,500	44,093
Total Staff Support	<u>281,936</u>	<u>204,852</u>	<u>115,022</u>	<u>89,830</u>	<u>1,296,850</u>
General Administration:					
Salaries	40,000	40,000	40,000	-	140,626
Benefits	15,591	15,591	12,049	3,542	41,364
PS - Professional	10,000	10,000	1,152	8,848	25,760
PS - Other	2,400	2,400	416	1,984	21,552
Supplies	3,000	3,000	2,310	690	3,023
Other Expenses	2,500	2,500	-	2,500	-
Total General Administration	<u>73,491</u>	<u>73,491</u>	<u>55,927</u>	<u>17,564</u>	<u>232,325</u>
School Administration:					
Salaries	-	-	-	-	147,190
Benefits	-	-	-	-	49,855
Supplies	-	-	-	-	15,886
Total School Administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,931</u>
Business Administration:					
Salaries	111,506	50,000	50,000	-	71,421
Benefits	17,735	17,735	17,693	42	48,631
PS - Professional	8,650	8,650	9,000	(350)	12,625
PS - Other	1,250	1,250	836	414	1,903
Supplies	17,200	17,200	12,770	4,430	50,221
Total Business Administration	<u>156,341</u>	<u>94,835</u>	<u>90,299</u>	<u>4,536</u>	<u>184,801</u>
Operations and Maintenance:					
Salaries	-	-	-	-	7,100
Benefits	-	-	-	-	1,489
PS - Property	8,200	8,200	5,056	3,144	65,368
Property	1,000	1,000	-	1,000	-
Total Operations and Maintenance	<u>9,200</u>	<u>9,200</u>	<u>5,056</u>	<u>4,144</u>	<u>73,957</u>
Transportation:					
Salaries	45,740	45,740	31,311	14,429	71,612
Benefits	17,348	17,348	13,667	3,681	24,622
PS - Property	-	-	365	(365)	-
PS - Other	10,000	10,000	10,618	(618)	28,143
Property	-	-	-	-	46,143
Total Transportation	<u>73,088</u>	<u>73,088</u>	<u>55,961</u>	<u>17,127</u>	<u>170,520</u>

(Continued)

See the Accompanying Independent Auditors' Report.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

For the Year Ended June 30, 2018

With Comparative Totals for the Year Ended June 30, 2017

	2018				2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
EXPENDITURES (Continued)					
Support Services (Continued):					
Other Central Support:					
Salaries	103,494	103,321	149,826	(46,505)	172,258
Benefits	36,218	36,218	44,132	(7,914)	62,109
PS - Professional	27,400	27,400	28,733	(1,333)	25,016
PS - Other	40,708	40,708	19,251	21,457	107,417
Supplies	13,150	13,150	4,622	8,528	7,328
Property	1,150	1,150	15,738	(14,588)	8,724
Other	60,946	65,886	58,972	6,914	137,248
Total Other Central Support	<u>283,066</u>	<u>287,833</u>	<u>321,274</u>	<u>(33,441)</u>	<u>520,100</u>
Other Support Services:					
Salaries	-	-	-	-	91,849
Benefits	-	-	-	-	63,755
PS - Professional	-	-	-	-	79
PS - Other	22,247	22,247	7,214	15,033	11,039
Supplies	-	-	-	-	1,165
Total Other Support Services	<u>22,247</u>	<u>22,247</u>	<u>7,214</u>	<u>15,033</u>	<u>167,887</u>
Total Support Services	<u>1,427,148</u>	<u>1,329,613</u>	<u>1,205,275</u>	<u>124,338</u>	<u>5,318,401</u>
Enterprise Operations	-	-	-	-	36,583
Food Service	-	-	-	-	150
Community Services	-	-	-	-	17,603
Debt Service	-	-	3,267	(3,267)	20,700
TOTAL EXPENDITURES	<u>2,296,502</u>	<u>2,231,926</u>	<u>2,104,237</u>	<u>127,689</u>	<u>9,556,581</u>
REVENUES IN EXCESS OF EXPENDITURES	76,685	57,503	145,607	88,104	76,095
OTHER FINANCING SOURCES					
Capital Lease Proceeds	-	-	15,738	15,738	-
CHANGE IN FUND BALANCE	76,685	57,503	161,345	103,842	76,095
SPECIAL ITEM					
Transfer of Operations to Colorado River	-	-	(1,605,010)	(1,605,010)	-
CHANGE IN FUND BALANCE AFTER SPECIAL ITEM	76,685	57,503	(1,443,665)	(1,501,168)	76,095
FUND BALANCE, Beginning	<u>2,317,482</u>	<u>2,317,482</u>	<u>2,317,482</u>	-	<u>2,241,387</u>
FUND BALANCE, Ending	<u>\$ 2,394,167</u>	<u>\$ 2,374,985</u>	<u>\$ 873,817</u>	<u>\$ (1,501,168)</u>	<u>\$ 2,317,482</u>

See the Accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**PUPIL ACTIVITY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
BUDGET AND ACTUAL**

For the Year Ended June 30, 2018

With Comparative Totals for the Year Ended June 30, 2017

	2018			2017 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
Receipts	\$ -	\$ -	\$ -	\$ 85,012
Disbursements	-	-	-	37,001
Net Receipts (Disbursements)	<u>\$ -</u>	-	<u>\$ -</u>	<u>48,011</u>
Special Item Transfer to Colorado River BOCES		(145,770)		-
CASH IN BANK, Beginning		<u>145,770</u>		<u>97,759</u>
CASH IN BANK, Ending		<u>\$ -</u>		<u>\$ 145,770</u>

See the accompanying Independent Auditors' Report.

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 9030 - MOUNTAIN BOCES
 Fiscal Year 2017-18
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	2,317,482		2,265,583		3,709,248		873,817
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
Sub- Total	2,317,482		2,265,583		3,709,248		873,817
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
21 Food Service Spec Revenue Fund	0		0		0		0
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	0		0		0		0
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	0		0		0		0
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	0		0		0		0
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	0		0		0		0
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	145,770		0		145,770		0
79 GASB 34:Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	145,770		0		145,770		0

FINAL



Colorado Department of Education

Bolded Balance Sheet Report

District: 9030 - MOUNTAIN BOCES

Fiscal Year 2017-18

Colorado School District/BOCES

ASSETS	Governmental										Proprietary					Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals		
Cash and Investments (8100-8104,8111)	1,606,060	0	0	0	0	0	0	0	0	0	0	0	0	0	1,606,060		
Interfund Loans Receivable (8131,8132)	33,995	0	0	0	0	0	0	0	0	0	0	0	0	0	33,995		
Grants Accounts Receivable (8142)	144,851	0	0	0	0	0	0	0	0	0	0	0	0	0	144,851		
Other Receivables (8151-8154,8161)	93,212	0	0	0	0	0	0	0	0	0	0	0	0	0	93,212		
Other Current Assets (8191-8194,8199)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total Assets	1,878,118	0	0	0	0	0	0	0	0	0	0	0	0	0	1,878,118		

Governmental Proprietary Fiduciary

LIABILITIES & FUND EQUITY	Governmental										Proprietary				Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Payables (7421-7423)	796,386	0	0	0	0	0	0	0	0	0	0	0	0	0	796,386	
Accrued Expenses (7461)	14,363	0	0	0	0	0	0	0	0	0	0	0	0	0	14,363	
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Grants Deferred Revenue (7482)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Deferred Inflow Grants (7801)	193,552	0	0	0	0	0	0	0	0	0	0	0	0	0	193,552	
Total Liabilities	1,004,302	0	0	0	0	0	0	0	0	0	0	0	0	0	1,004,302	

Governmental

Proprietary

Fiduciary

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Fund Balance 6720	300,000	0	0	0	0	0	0	0	0	0	0	0	0	0	300,000
TABOR 3% Emergency Reserve 6721	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assigned Fund Balance 6760	72,620	0	0	0	0	0	0	0	0	0	0	0	0	0	72,620
Unassigned Fund Balance 6770	501,197	0	0	0	0	0	0	0	0	0	0	0	0	0	501,197
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	873,817	0	0	0	0	0	0	0	0	0	0	0	0	0	873,817

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	1,878,118	0	0	0	0	0	0	0	0	0	0	0	0	0	1,878,118
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk related activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	
Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes