

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

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2019**

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

**ROSTER OF OFFICIALS
June 30, 2019**

BOARD MEMBERS

Erin Flavin – 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

TABLE OF CONTENTS

INTRODUCTORY SECTION

Roster of Officials

Table of Contents

FINANCIAL SECTION

PAGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information - Unaudited) M1 – M7

INDEPENDENT AUDITORS' REPORT 1 - 3

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position 4

Statement of Activities 5

Fund Financial Statements

Balance Sheet - Governmental Funds 6

Reconciliation of Governmental Fund Balance to Governmental Activities
Net Position 7

Statement of Revenues, Expenditures and Changes in Fund Balance -
Governmental Funds 8 - 9

Reconciliation of Governmental Fund Net Change in Fund Balance to
Governmental Activities Change in Net Position 10

Notes to Financial Statements 11 – 43

REQUIRED SUPPLEMENTARY INFORMATION (Pension and OPEB Schedules – Unaudited)

Schedule of BOCES' Proportionate Share of the Net Pension Liability 44

Schedule of BOCES Contributions—PERA Pension Plan 45

Schedule of BOCES' Proportionate Share of the Net OPEB Liability 46

Schedule of BOCES Contributions—OPEB—PERA Health Care Trust Fund 47

BUDGETARY COMPARISON SCHEDULES (Required Supplementary Information)

General Fund 48 - 50

OTHER SUPPLEMENTARY INFORMATION

Schedule of Receipts and Disbursements – Budget and Actual – Pupil Activity Fund 51

TABLE OF CONTENTS
(Continued)

	<u>PAGE</u>
STATE COMPLIANCE	
Auditors Integrity Report	52
Bolded Balance Sheet Report	53 – 55

FINANCIAL SECTION

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

June 30, 2019

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, 2019. 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 increased by \$1,631,598 compared to the prior year. The end of fiscal year 2019’s total net position was (\$3,576,664), compared to (\$5,208,262) at the end of fiscal year 2018. 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 and additional payables that should have been reported.

Mountain BOCES ended with a fund balance in the General Fund of \$986,077 which is an increase of \$112,260 compared to the prior fiscal year.

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 \$500,906 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 (\$3,576,664), compared to (\$5,2058,262) at the end of fiscal year 2018, increasing the net position by \$1,631,598.

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	
	2019	2018
Current Assets	\$ 1,296,467	\$ 1,878,118
Restricted Assets - Net	300,000	-
Other Assets	<u>28,434</u>	<u>45,142</u>
Total Assets	<u>1,624,901</u>	<u>1,923,260</u>
Deferred Outflows of Financial Resources	<u>1,572,078</u>	<u>3,350,052</u>
Current Liabilities	610,390	810,749
Noncurrent Liabilities	<u>1,328,162</u>	<u>8,875,266</u>
Total Liabilities	<u>1,938,552</u>	<u>9,686,015</u>
Deferred Inflows of Financial Resources	<u>4,835,091</u>	<u>795,559</u>
Net Investment in Capital Assets	328,434	45,142
Unrestricted Net Position	<u>(3,905,098)</u>	<u>(5,253,404)</u>
Total Net Position	<u>\$ (3,576,664)</u>	<u>\$ (5,208,262)</u>

Current assets decreased by \$581,651 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 \$2,076,333.

Total liabilities also decreased \$7,747,463. The majority of decrease in liabilities is due to the pension and OPEB liability.

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

TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities	
	2019	2018
Program Revenues:		
Charges for Services	\$ 842,522	\$ 662,068
Operating Grants	1,744,859	1,509,875
Total Program Revenues	2,587,381	2,171,943
General Revenues:		
Investment Earnings	20,333	13,566
Miscellaneous	5,581	64,335
Total General Revenues	25,914	77,901
Total Revenues	2,613,295	2,249,844
Expenses		
Instruction	685,054	1,093,711
Supporting Services	(156,513)	2,859,692
Total Expenses	528,541	3,953,403
Change in Net Position	2,084,754	(1,703,559)
Transfer of Operations to Colorado River BOCES	-	1,640,678
Net Position - Beginning	(5,208,262)	(4,989,817)
Prior Period Restatement	(453,156)	(155,564)
Net Position - Beginning Restated	(5,661,418)	(5,145,381)
Net Position - Ending	\$ (3,576,664)	\$ (5,208,262)

A year to year increase in total revenues of \$363,451, is primarily attributed to operating grants.

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 2019 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, 2019, Mountain BOCES' governmental funds reported a fund balance of \$986,077 that is an increase of \$112,260 from the June 30, 2018 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 \$506,955 which may be used to meet Mountain BOCES ongoing obligations. The assigned fund equity increased \$106,502 and unassigned fund equity increased \$5,578 from the previous year. The assigned fund equity of \$179,122 is designated to specific programs and capital expenses.

Capital Assets

As of June 30, 2019, Mountain BOCES had a net \$28,434 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:

	Balance			Balance
	7/1/2018	Additions	Retirements	6/30/2019
Depreciable assets				
Buildings and site improvements	\$ 111,401	\$ -	\$ -	\$ 111,401
Transportation equipment	131,632	-	-	131,632
Other equipment	<u>231,498</u>	<u>-</u>	<u>-</u>	<u>231,498</u>
Total assets	<u>474,531</u>	<u>-</u>	<u>-</u>	<u>474,531</u>
Accumulated depreciation				
Buildings and site improvements	(93,620)	(3,788)	-	(97,408)
Transportation equipment	(118,435)	(9,773)	-	(128,208)
Other equipment	<u>(217,334)</u>	<u>(3,147)</u>	<u>-</u>	<u>(220,481)</u>
Total accumulated depreciation	<u>(429,389)</u>	<u>(16,708)</u>	<u>-</u>	<u>(446,097)</u>
Net Capital assets	\$ 45,142	\$ (16,708)	\$ -	\$ 28,434

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, 2019 Mountain BOCES had one outstanding debit of \$10,164 associated with a Copier lease.

	Balance			Balance	Current	Interest
	6/30/18	Advances	Payments	6/30/19	Portion	Expense
Net OPEB Liability	\$ 197,855	\$ (135,160)	\$ -	\$ 62,695	\$ -	\$ -
PERA Net Pension Liability	8,664,272	(7,408,969)	-	1,255,303	-	-
Capital Leases Payable	13,139	-	2,975	10,164	3,127	589
Total Long-term Liabilities	<u>\$ 8,875,266</u>	<u>\$ (7,544,129)</u>	<u>\$ 2,975</u>	<u>\$ 1,328,162</u>	<u>\$ 3,127</u>	<u>\$ 589</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 \$246,699 over the revised budget. Expenditures were \$46,192 over 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.

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 and major fund of the Mountain Board of Cooperative Educational Services, Colorado, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the basic financial statements of the BOCES, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Mountain Board of Cooperative Educational Services, Colorado, as of June 30, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Emphasis of Matter

As discussed in Note 12 to the financial statements, the 2018 financial statements have been restated to reflect adjustment of deferred outflows and inflows related to the net proportion change for the PERA pension plan as well as a restatement of accounts payable in the General Fund. These restatements impacted the governmental activities. Our opinion is not modified with respect to this matter.

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 44 - 47 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 48 -50 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 51 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 52 - 55 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.

Mayberry + Company, LLC

Englewood, CO
December 16, 2019

INTENTIONALLY LEFT BLANK

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, 2019.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

STATEMENT OF NET POSITION

June 30, 2019

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
ASSETS	
Current Assets	
Cash and Investments	\$ 1,040,689
Accounts Receivable	3,700
Grants Receivable	<u>252,078</u>
Total Current Assets	<u>1,296,467</u>
Noncurrent Assets	
Capital Assets	474,531
Accumulated Depreciation	(446,097)
Restricted Cash and Investments	<u>300,000</u>
Total Noncurrent Assets	<u>328,434</u>
TOTAL ASSETS	<u>1,624,901</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Net Deferred Outflows - Pensions	1,542,469
Net Deferred Outflows - OPEB	<u>29,609</u>
TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>1,572,078</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>\$ 3,196,979</u>
LIABILITIES, DEFERRED INFLOWS OF FINANCIAL RESOURCES AND NET POSTION	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 375,334
Accrued Salaries and Benefits	26,672
Unearned Revenue - Grants	<u>208,384</u>
Total Current Liabilities	<u>610,390</u>
Noncurrent Liabilities	
Due Within One Year	3,127
Due Beyond One Year	<u>1,325,035</u>
Total Noncurrent Liabilities	<u>1,328,162</u>
TOTAL LIABILITIES	<u>1,938,552</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Net Deferred Inflows Pensions	4,716,005
Net Deferred Inflows OPEB	<u>119,086</u>
TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES	<u>4,835,091</u>
NET POSITION	
Net Investment in Capital Assets	328,434
Unrestricted	<u>(3,905,098)</u>
TOTAL NET POSITION	<u>(3,576,664)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSTION	<u>\$ 3,196,979</u>

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

STATEMENT OF ACTIVITIES

June 30, 2019

		<u>PROGRAM REVENUES</u>		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>GOVERNMENTAL ACTIVITIES TOTAL</u>
FUNCTIONS/PROGRAMS				
GOVERNMENTAL ACTIVITIES:				
Current:				
Instruction	\$ 685,054	\$ 290,828	\$ 764,932	\$ 370,706
Supporting Services	<u>(156,513)</u>	<u>551,694</u>	<u>979,927</u>	<u>1,688,134</u>
 TOTAL PRIMARY GOVERNMENT	 <u>\$ 528,541</u>	 <u>\$ 842,522</u>	 <u>\$ 1,744,859</u>	 <u>2,058,840</u>
 GENERAL REVENUES:				
Investment Earnings				20,333
Miscellaneous				<u>5,581</u>
Subtotal, General Revenues				<u>25,914</u>
 Change in Net Position				 <u>2,084,754</u>
 Net Position - Beginning				 (5,208,262)
Prior Period Restatement				<u>(453,156)</u>
Net Position - Beginning				<u>(5,661,418)</u>
 Net Position - Ending				 <u>\$ (3,576,664)</u>

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2019

With Comparative Totals for June 30, 2018

	GOVERNMENTAL FUNDS	
	GENERAL FUND	
	2019	2018
ASSETS		
Cash and Investments	\$ 1,040,689	\$ 1,306,060
Restricted Cash and Investments	300,000	300,000
Accounts Receivable	3,700	93,212
Grants Receivable	252,078	144,851
Due from Other Funds	-	33,995
Deposits	-	-
TOTAL ASSETS	<u>\$ 1,596,467</u>	<u>\$ 1,878,118</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 375,334	\$ 163,121
Accrued Salaries and Benefits	26,672	14,363
Unearned Revenue - Grants	208,384	193,552
Payable - Colorado River BOCES	-	633,265
TOTAL LIABILITIES	<u>610,390</u>	<u>1,004,301</u>
FUND BALANCE		
Restricted Fund Balance:		
Restricted for Contingency Escrow	300,000	300,000
Assigned Fund Balance	179,122	72,620
Unassigned	506,955	501,197
TOTAL FUND BALANCE	<u>986,077</u>	<u>873,817</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,596,467</u>	<u>\$ 1,878,118</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, 2019
With Comparative Totals for June 30, 2018**

Fund Balance - Governmental Funds		\$	986,077
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>(446,097)</u>	28,434
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		1,542,469	
Net pension liability		(1,255,303)	
Net deferred pension inflows		<u>(4,716,005)</u>	(4,428,839)
PERA Health Care Trust Fund (OPEB)			
Net deferred OPEB outflows		29,609	
Net OPEB liability		(62,695)	
Net deferred OPEB inflows		<u>(119,086)</u>	(152,172)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Capital lease obligations			<u>(10,164)</u>
Total Net Position - Governmental Activities		\$	<u><u>(3,576,664)</u></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, 2019
With Comparative Totals for the Year Ended June 30, 2018**

	GOVERNMENTAL FUNDS	
	GENERAL FUND	
	2019	2018
REVENUES		
Local Sources:		
Transportation Fees	\$ 73,417	\$ 75,100
Interest Income	20,333	13,566
Member Assessments	500,906	368,323
Services Provided Outside AU	20,743	20,759
Indirect/Overhead Cost Recovery	79,910	58,972
Other Local	253,036	262,221
Total Local Sources	948,345	798,941
State Sources:		
ECEA	765,183	747,325
Gifted and Talented	38,314	38,136
GT Education Universal Screening	26,215	25,629
State BOCES Allocation	88,168	21,070
State Grant Writing	22,630	6,483
Other State	10,195	-
Total State Sources	950,705	838,643
Federal Sources:		
IDEA Part B	694,246	597,311
IDEA Preschool	19,998	14,949
Total Federal Sources	714,244	612,260
TOTAL REVENUES	2,613,294	2,249,844
EXPENDITURES		
Local Programs		
Yampah Mountain High School	-	4,107
Executive Leadership	42,282	55,927
Professional Learning	581	473
Business Services	91,079	93,482
Human Resources	2,127	2,277
Educational Resources Center	(633)	2,929
Alternative Licensure/Induction	140,330	134,936
Courier Services	4,890	4,679
Other General Administrative	51,461	62,734
Total Local Programs	332,117	361,544

(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, 2019
With Comparative Totals for the Year Ended June 30, 2018**

	<u>GOVERNMENTAL FUNDS</u>	
	<u>GENERAL FUND</u>	
	<u>2019</u>	<u>2018</u>
EXPENDITURES (Continued)		
State Grants:		
ECEA - Special Education	1,178,204	1,031,067
Gifted and Talented	38,331	38,136
GT Education Universal Screening	36,145	32,946
Grant Writing	22,630	7,214
Colorado On-Line	15,000	-
Ctr for Collab Initiative	88,168	21,070
Other State Grants	10,195	-
Total State Grant Programs	<u>1,388,673</u>	<u>1,130,433</u>
Federal Grants:		
IDEA - Education of the Handicapped	694,246	597,311
IDEA - Preschool	19,998	14,949
Total Federal Grant Expenditures	<u>714,244</u>	<u>612,260</u>
 TOTAL EXPENDITURES	 <u>2,435,034</u>	 <u>2,104,237</u>
 OTHER FINANCING SOURCES		
Capital Lease Proceeds	-	15,738
 CHANGE IN FUND BALANCE	 178,260	 161,345
Transfer of Operations to Colorado River BOCES	-	(1,605,010)
 CHANGE IN FUND BALANCE AFTER SPECIAL ITEM	 <u>178,260</u>	 <u>(1,443,665)</u>
FUND BALANCE - Beginning	873,817	2,317,482
Prior Period Restatement	(66,000)	-
FUND BALANCE - Beginning (As Restated)	<u>807,817</u>	<u>2,317,482</u>
FUND BALANCE - Ending	<u>\$ 986,077</u>	<u>\$ 873,817</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, 2019
With Comparative Totals for the Year Ended June 30, 2018**

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS		\$	178,260
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:			
Depreciation expense		\$	<u>(16,708)</u> (16,708)
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.			
PERA Pension			
Change in deferred pension outflows			(1,386,644)
Change in net pension liability			7,408,969
Change in deferred pension inflows			<u>(4,117,197)</u> 1,905,128
PERA Health Care Trust Fund (OPEB)			
Change in deferred OPEB outflows			(4,285)
Change in net OPEB liability			135,160
Change in deferred OPEB inflows			<u>(115,776)</u> 15,099
Debt principal payments are expensed at the fund level and reduce long-term liabilities at the activity level			
Capital lease principal payments			<u>2,975</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		\$	<u><u>2,084,754</u></u>

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, 2019

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 formerly maintained a fiduciary fund, the Pupil Activity Fund, which accounted for resources generated by and utilized for students at the Yampah Mountain High School. Assets related to this operation were transferred to the Colorado River BOCES for the 2018 fiscal year.

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, 2019

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, 2019

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.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, 2019

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, 2019

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, 2019, 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)	413,449	392,670
Total Deposits	\$ 663,449	\$ 642,670

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, 2019 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	\$ -	\$ 648,271	\$ -	\$ 648,271

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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 2019, 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, 2019, 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, 2019

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, 2019, the BOCES did not have any investments requiring safekeeping.

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

Bank Deposits	\$	642,670
Local Govt Investment Pools		49,748
Mutual Fund Investments		<u>648,271</u>
Total Cash and Investments	\$	<u>1,340,689</u>
Unrestricted	\$	1,040,689
Restricted - Contingency Escrow		<u>300,000</u>
Total Cash and Investments	\$	<u>1,340,689</u>

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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:

	<u>Balance</u>			<u>Balance</u>
	<u>7/1/2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/2019</u>
Depreciable assets				
Buildings and site improvements	\$ 111,401	\$ -	\$ -	\$ 111,401
Transportation equipment	131,632	-	-	131,632
Other equipment	<u>231,498</u>	<u>-</u>	<u>-</u>	<u>231,498</u>
Total assets	<u>474,531</u>	<u>-</u>	<u>-</u>	<u>474,531</u>
Accumulated depreciation				
Buildings and site improvements	(93,620)	(3,788)	-	(97,408)
Transportation equipment	(118,435)	(9,773)	-	(128,208)
Other equipment	<u>(217,334)</u>	<u>(3,147)</u>	<u>-</u>	<u>(220,481)</u>
Total accumulated depreciation	<u>(429,389)</u>	<u>(16,708)</u>	<u>-</u>	<u>(446,097)</u>
Net Capital assets	<u>\$ 45,142</u>	<u>\$ (16,708)</u>	<u>\$ -</u>	<u>\$ 28,434</u>
Instruction		\$ 6,583		
Supporting services		<u>10,125</u>		
Total depreciation		<u>\$ 16,708</u>		

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, 2019, are \$26,672. 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, 2019, were as follows

	<u>Balance</u>			<u>Balance</u>	<u>Current Interest</u>	<u>Expense</u>
	<u>6/30/18</u>	<u>Advances</u>	<u>Payments</u>	<u>6/30/19</u>	<u>Portion</u>	<u>Expense</u>
Net OPEB Liability	\$ 197,855	\$ -	\$ 135,160	\$ 62,695	\$ -	\$ -
PERA Net Pension Liability	8,664,272	-	7,408,969	1,255,303	-	-
Capital Leases Payable	13,139	-	2,975	10,164	3,127	589
Total Long-term Liabilities	<u>\$ 8,875,266</u>	<u>\$ -</u>	<u>\$7,547,104</u>	<u>\$ 1,328,162</u>	<u>\$ 3,127</u>	<u>\$ 589</u>

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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.

Future minimum lease payments on the lease are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 3,564
2021	3,564
2022	3,564
2023	<u>297</u>
Total Payments	10,989
Less Interest at 4.24%	<u>(825)</u>
Present Value of Payments	<u>\$ 10,164</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 plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Summary of Significant Accounting Policies (Continued)

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

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a non-employer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

General Information about the Pension Plan

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from BOCES were \$74,556 for the year ended June 30, 2019.

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

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

At June 30, 2019, the District reported a liability of \$1,255,303 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a non-employer contributing entity. The amount recognized by the BOCES as its proportionate share of the net pension liability, the related support from the State as a non-employer contributing entity, and the total portion of the net pension liability that was associated with the BOCES were as follows:

District's proportionate share of the net pension liability	\$ (1,255,303)
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$ (150,998)
Total	\$ (1,406,301)

At December 31, 2018, the BOCES' proportion was .007089 percent, which was a decrease of .03818 from its proportion measured as of December 31, 2017.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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)

For the year ended June 30, 2019, the BOCES recognized pension income of \$1,434,457 primarily related to pension assumption changes, state contributions which reduced the BOCES' proportion and estimates related to the split between Colorado River BOCES and Mountain BOCES that are now based on actual payroll, and revenue of \$10,195 for support from the State as a non-employer contributing entity.. At June 30, 2019, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 95,439	\$ -
Changes of assumptions or other inputs	\$ 793,161	\$ (780,663)
Net difference between projected and actual earnings on pension plan investments	\$ 215,014	\$ (384,014)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 392,428	\$ (3,551,328)
Contributions subsequent to the measurement date	\$ 46,427	\$ -
Total	\$ 1,542,469	\$ (4,716,005)

\$46,427 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Fiscal Year Totals
2020	\$ (685,965)
2021	(1,491,226)
2022	(1,080,201)
2023	37,429
Total	\$ (3,219,963)

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Actuarial cost method	Entry Age
Price inflation	2.40%
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	4.78%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS	2% compounded annually
PERA benefit struture hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

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

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.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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)

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

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

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

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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	30 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 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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)

- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year. Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (1,595,903)	\$ (1,255,303)	\$ (969,482)

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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)

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

NOTE 7: DEFINED 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, 2019 program members contributed \$39,029.

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Summary of Significant Accounting Policies

OPEB. The 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.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Health Care Trust Fund (Continued)

General Information about the OPEB Plan

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

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Health Care Trust Fund (Continued)

General Information about the OPEB Plan (Continued)

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, 2019

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Health Care Trust Fund (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 the BOCES were \$3,975 for the year ended June 30, 2019

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

At June 30, 2019, the BOCES reported a liability of \$62,695 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The BOCES' proportion of the net OPEB liability was based on the BOCES' contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the BOCES' proportion was .004608 percent, which was a decrease of .0106 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the BOCES recognized OPEB income of \$10,646, primarily related to change in proportion estimated prior to the split of Colorado River BOCES and Mountain BOCES and the current proportion based on actual Mountain BOCES payroll. At June 30, 2019, 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	\$ 752	\$ (95)
Net difference between projected and actual earnings on pension plan investments	\$ 1,112	\$ (2,483)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 24,829	\$ (116,508)
Contributions subsequent to the measurement date	\$ 2,476	\$ -
Total	\$ 29,609	\$ (119,086)

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Health Care Trust Fund (Continued)

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

\$2,476 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Fiscal Year Totals
2020	\$ (17,343)
2021	(17,343)
2022	(17,344)
2023	(16,516)
2024	(22,485)
2025	(922)
Total	\$ (91,953)

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

Actuarial cost method	Entry Age
Price inflation	2.40%
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	3.25 % for 2018, gradually rising to 5.00% in 2025
DPS Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Health Care Trust Fund (Continued)

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

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

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

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

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

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

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Health Care Trust Fund (Continued)

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

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Health Care Trust Fund (Continued)

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

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%	

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%.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Health Care Trust Fund (Continued)

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

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

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	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Proportionate share of the net OPEB asset (liability)	\$ (60,964)	\$ (62,695)	\$ (64,686)

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Health Care Trust Fund (Continued)

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

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

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

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)	\$ (70,150)	\$ (62,695)	\$ (56,321)

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

NOTE 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, 2019

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:

CSDB Assigned Fund Balance	33,781
Technology Assigned Fund Balance	3,498
Alt. Licensure Assigned Fund Balance	132,227
Transportation Assigned Fund Balance	9,616
Total Assigned Fund Balance	<u>\$ 179,122</u>

NOTE 11: DEFICIT NET POSITION

The Governmental Activities has an overall deficit net position of \$(3,559,289) and an unrestricted net position deficit of \$(3,887,723), primarily due to the PERA net pension liability of \$(1,255,303) and related net deferrals of \$(3,173,536) and OPEB net liability of \$(62,695) and related net deferrals of \$(89,477), 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.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 12: PRIOR PERIOD RESTATEMENT

The BOCES has restated beginning deferred outflows and inflows related to proportion changes for the PERA pension plan. The BOCES has restated these balances to reflect the change in proportion of plan level deferrals that had previously not been material in addition to plan level liabilities. This restatement decreased governmental activities net position in the amount of \$387,156.

In addition, the BOCES determined that additional payables should have been reported for the June 30, 2018 fiscal year in the amount of \$66,000. This resulted in a decrease in the beginning fund balance in the General Fund and governmental activities net position in the amount of \$66,000. This combined with the pension deferral restatement listed above resulted in a net restatement to the governmental activities net position of \$(453,156).

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.

All amounts owed to and from Colorado River BOCES from the June 30, 2017 General Fund and Pupil Activity balances, had been remitted as of June 30, 2019.

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.

NOTE 14: BUDGET VIOLATION

The BOCES expenditures exceeded appropriations by \$46,192, which may be a violation of Colorado statutes.

INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION
(Pension and OPEB Schedules - Unaudited)

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**SCHEDULE OF THE BOCES' PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)**

PERA Pension Plan

Last 10 Fiscal Years⁽¹⁾

Fiscal Year Ended	BOCES' proportion of the net Pension asset (liability)	BOCES' proportionate share of the net Pension asset (liability)	Non-employer contributing entity's total proportionate share of the net Pension asset (liability)	Total proportionate share associated with BOCES	BOCES' covered payroll	BOCES'	Plan fiduciary
						proportionate share of the net Pension asset (liability) as a % of covered payroll	net position as a percentage of the total Pension liability
June 30, 2014	0.046427%	\$ (5,921,766)	\$ -	\$ (5,921,766)	\$ 1,871,625	316.40%	64.07%
June 30, 2015	0.047128%	\$ (6,387,447)	\$ -	\$ (6,387,447)	\$ 1,974,333	323.52%	62.84%
June 30, 2016	0.046299%	\$ (7,081,153)	\$ -	\$ (7,081,153)	\$ 2,017,714	350.95%	59.16%
June 30, 2017	0.044074%	\$ (6,480,942)	\$ -	\$ (6,480,942)	\$ 726,547	892.02%	43.13%
June 30, 2018	0.026794%	\$ (8,664,272)	\$ -	\$ (8,664,272)	\$ 1,235,979	701.00%	43.96%
June 30, 2019	0.007089%	\$ (1,255,303)	\$ (150,998)	\$ (1,406,301)	\$ 389,733	360.84%	57.01%

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 Pension Plan

Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year Ended</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>BOCES' covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2014	\$ 290,663	(290,663)	-	\$ 1,871,625	15.53%
June 30, 2015	324,383	(324,383)	-	\$ 1,974,333	16.43%
June 30, 2016	349,670	(349,670)	-	\$ 2,017,714	17.33%
June 30, 2017	131,723	(131,723)	-	\$ 726,547	18.13%
June 30, 2018	230,263	(230,263)	-	\$ 1,235,979	18.63%
June 30, 2019	74,556	(74,556)	-	\$ 389,733	19.13%

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 THE BOCES' PROPORTIONATE SHARE OF THE
NET OPEB ASSET (LIABILITY)**

PERA Health Care Trust Fund

Last 10 Fiscal Years⁽¹⁾

Fiscal Year Ended	BOCES' proportion of the net OPEB asset (liability)	BOCES' proportionate share of the net OPEB asset (liability)	BOCES' covered payroll	BOCES' proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
June 30, 2017	0.012373%	\$ (160,417)	\$ 4,043,137	3.97%	16.70%
June 30, 2018	0.015224%	(197,855)	\$ 1,235,980	16.01%	17.53%
June 30, 2019	0.004608%	(62,695)	\$ 389,706	16.09%	17.03%

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>Fiscal Year Ended</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>BOCES' covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2017	\$ 41,240	\$ (41,240)	\$ -	\$ 4,043,137	1.02%
June 30, 2018	12,607	(12,607)	-	1,235,980	1.02%
June 30, 2019	3,975	(3,975)	-	389,706	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.

INTENTIONALLY LEFT BLANK

BUDGETARY COMPARISON SCHEDULE
(Required Supplementary Information)

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

For the Year Ended June 30, 2019

With Comparative Totals for the Year Ended June 30, 2018

	2019				
	ORIGINAL	FINAL		VARIANCE	2018
	BUDGET	BUDGET	ACTUAL	WITH FINAL	ACTUAL
REVENUES					
Local Sources:					
Transportation Fees	\$ 90,840	\$ 72,655	\$ 73,417	\$ 762	\$ 75,100
Interest Income	200	200	20,333	20,133	13,566
Member Assessments	505,122	511,962	500,906	(11,056)	368,323
Services Provided Outside AU	-	-	20,743	20,743	20,759
Alternative Licenseure Program		130,026	247,456	117,430	197,886
Indirect/Overhead Cost Recovery	23,740	23,740	79,910	56,170	58,972
Other Local	137,370	22,673	5,581	(17,092)	64,335
Total Local Sources	757,272	761,256	948,346	187,090	798,941
State Sources:					
ECEA	734,334	763,885	765,183	1,298	747,325
Gifted and Talented	38,136	38,314	38,314	-	38,136
GT Education Universal Screening	25,629	28,023	26,215	(1,808)	25,629
State BOCES Allocation	120,388	120,415	88,168	(32,247)	21,070
Grant Writing	-	-	22,630	22,630	6,483
Other State	-	-	10,195	10,195	-
Total State Sources	918,487	950,637	950,705	68	838,643
Federal Sources:					
IDEA Part B	612,732	637,284	694,246	56,962	597,311
IDEA Preschool	14,755	17,419	19,998	2,579	14,949
Total Federal Sources	627,487	654,703	714,244	59,541	612,260
TOTAL REVENUES	2,303,246	2,366,596	2,613,295	246,699	2,249,844
EXPENDITURES					
Instruction:					
Salaries	33,000	33,000	5,849	27,151	40,841
Benefits	1,591	1,591	1,263	328	1,558
PS - Professional	77,508	77,508	105,033	(27,525)	8,894
PS - Property	-	-	(10)	10	-
PS - Other	792,676	824,789	840,929	(16,140)	831,239
Supplies	2,000	2,000	447	1,553	4,840
Property	3,500	3,500	1,146	2,354	8,323
Total Instruction	910,275	942,388	954,657	(12,269)	895,695
Support Services:					
Pupil Support:					
Salaries	7,800	7,800	8,255	(455)	8,082
Benefits	1,685	1,685	1,783	(98)	1,731
PS - Property	1,000	1,000	(725)	1,725	528
PS - Other	550,395	572,369	629,846	(57,477)	541,375
Supplies	1,000	1,000	(100)	1,100	2,806
Property	6,200	6,200	2,321	3,879	-
Total Pupil Support	568,080	590,054	641,380	(51,326)	554,522

(Continued)

See the Accompanying Independent Auditors' Report.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

For the Year Ended June 30, 2019

With Comparative Totals for the Year Ended June 30, 2018

	2019			VARIANCE WITH FINAL BUDGET	2018
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
EXPENDITURES (Continued)					
Support Services (Continued):					
Staff Support:					
Salaries	118,289	101,987	148,743	(46,756)	60,228
Benefits	42,154	42,154	43,763	(1,609)	21,153
PS - Professional	108,349	110,049	20,650	89,399	1,275
PS - Other	12,399	22,402	42,610	(20,208)	27,262
Supplies	7,900	7,900	3,459	4,441	5,104
Other Expenses	5,000	5,000	(1)	5,001	-
Total Staff Support	<u>294,091</u>	<u>289,492</u>	<u>260,333</u>	<u>29,159</u>	<u>115,022</u>
General Administration:					
Salaries	41,200	41,200	41,200	-	40,000
Benefits	11,920	11,920	22,440	(10,520)	12,049
PS - Professional	10,000	10,000	1,254	8,746	1,152
PS - Other	(3,000)	(689)	2,829	(3,518)	416
Supplies	3,000	3,000	2,653	347	2,310
Other Expenses	2,500	2,500	12,041	(9,541)	-
Total General Administration	<u>65,620</u>	<u>67,931</u>	<u>82,990</u>	<u>(15,059)</u>	<u>55,927</u>
Business Administration:					
Salaries	51,500	51,500	51,500	-	50,000
Benefits	17,732	17,732	17,818	(86)	17,693
PS - Professional	8,650	8,650	4,800	3,850	9,000
PS - Other	1,250	1,250	757	493	837
Supplies	15,048	15,048	13,215	1,833	12,769
Total Business Administration	<u>94,180</u>	<u>94,180</u>	<u>88,090</u>	<u>6,090</u>	<u>90,299</u>
Operations and Maintenance:					
PS - Property	8,200	8,200	6,248	1,952	5,056
EProperty	1,000	1,000	345	655	-
Total Operations and Maintenance	<u>9,200</u>	<u>9,200</u>	<u>6,593</u>	<u>2,607</u>	<u>5,056</u>
Transportation:					
Salaries	45,464	45,464	28,216	17,248	31,311
Benefits	16,514	16,514	12,790	3,724	13,667
PS - Property	-	-	69	(69)	365
PS - Other	10,000	10,000	9,308	692	10,618
Property	-	-	-	-	-
Total Transportation	<u>71,978</u>	<u>71,978</u>	<u>50,383</u>	<u>21,595</u>	<u>55,961</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, 2019

With Comparative Totals for the Year Ended June 30, 2018

	2019				2018
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
EXPENDITURES (Continued)					
Support Services (Continued):					
Other Central Support:					
Salaries	109,349	109,349	159,568	(50,219)	149,826
Benefits	36,737	36,737	41,498	(4,761)	44,132
PS - Professional	27,400	27,400	33,891	(6,491)	28,733
PS - Other	43,993	43,993	16,747	27,246	19,251
Supplies	14,000	14,000	4,842	9,158	4,622
Property	1,150	1,150	-	1,150	15,738
Other	65,886	68,744	67,869	875	58,972
Total Other Central Support	<u>298,515</u>	<u>301,373</u>	<u>324,415</u>	<u>(23,042)</u>	<u>321,274</u>
Other Support Services:					
PS - Other	<u>22,247</u>	<u>22,247</u>	<u>22,630</u>	<u>(383)</u>	<u>7,214</u>
Total Support Services	<u>1,423,911</u>	<u>1,446,455</u>	<u>1,476,814</u>	<u>(30,359)</u>	<u>1,205,275</u>
Debt Service	<u>-</u>	<u>-</u>	<u>3,564</u>	<u>(3,564)</u>	<u>3,267</u>
TOTAL EXPENDITURES	<u>2,334,186</u>	<u>2,388,843</u>	<u>2,435,035</u>	<u>(46,192)</u>	<u>2,104,237</u>
REVENUES IN EXCESS OF EXPENDITURES	(30,940)	(22,247)	178,260	200,507	145,607
OTHER FINANCING SOURCES					
Capital Lease Proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,738</u>
CHANGE IN FUND BALANCE	(30,940)	(22,247)	178,260	200,507	161,345
SPECIAL ITEM					
Transfer of Operations to Colorado River	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,605,010)</u>
CHANGE IN FUND BALANCE AFTER SPECIAL ITEM	(30,940)	(22,247)	178,260	200,507	(1,443,665)
FUND BALANCE, Beginning	<u>873,817</u>	<u>873,817</u>	<u>873,817</u>	<u>-</u>	<u>2,317,482</u>
Prior Period Restatement	<u>-</u>	<u>-</u>	<u>(66,000)</u>	<u>(66,000)</u>	<u>-</u>
FUND BALANCE, Beginning (As Restated)	<u>873,817</u>	<u>873,817</u>	<u>807,817</u>	<u>(66,000)</u>	<u>2,317,482</u>
FUND BALANCE, Ending	<u>\$ 842,877</u>	<u>\$ 851,570</u>	<u>\$ 986,077</u>	<u>\$ 134,507</u>	<u>\$ 873,817</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, 2019

With Comparative Totals for the Year Ended June 30, 2018

	2019			2018 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Net Receipts (Disbursements)	<u>\$ -</u>	-	<u>\$ -</u>	-
Special Item				
Transfer to Colorado River BOCES		-		(145,770)
CASH IN BANK, Beginning		-		<u>145,770</u>
CASH IN BANK, Ending		<u>\$ -</u>		<u>\$ -</u>

See the accompanying Independent Auditors' Report.

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 9030 - Mountain BOCES
 Fiscal Year 2018-19
 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	807,817	2,613,295	2,435,035	986,077
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	807,817	2,613,295	2,435,035	986,077
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	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL



Colorado Department of Education

Bolded Balance Sheet Report

District: 9030 - Mountain BOCES

Fiscal Year 2018-19

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)	692,417	0	0	0	0	0	0	0	0	0	0	0	0	0	692,417
Other Investment Accounts (8112-8115)	648,271	0	0	0	0	0	0	0	0	0	0	0	0	0	648,271
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	252,078	0	0	0	0	0	0	0	0	0	0	0	0	0	252,078
Other Receivables (8151-8154,8161)	3,700	0	0	0	0	0	0	0	0	0	0	0	0	0	3,700
Other Current Assets (8191-8194,8199)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	1,596,467	0	0	0	0	0	0	0	0	0	0	0	0	0	1,596,467

See accompanying Independent Auditors' Report.

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
LIABILITIES & FUND EQUITY															
LIABILITIES															
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	375,334	0	0	0	0	0	0	0	0	0	0	0	0	0	375,334
Accrued Expenses (7461)	26,672	0	0	0	0	0	0	0	0	0	0	0	0	0	26,672
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	208,384	0	0	0	0	0	0	0	0	0	0	0	0	0	208,384
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)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	610,390	0	0	0	0	0	0	0	0	0	0	0	0	0	610,390

See accompanying Independent Auditors' Report.

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	179,122	0	0	0	0	0	0	0	0	0	0	0	0	0	179,122
Unassigned Fund Balance 6770	572,955	0	0	0	0	0	0	0	0	0	0	0	0	0	572,955
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	-66,000	0	0	0	0	0	0	0	0	0	0	0	0	0	-66,000
Total Fund Equity	986,077	0	0	0	0	0	0	0	0	0	0	0	0	0	986,077

	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	1,596,467	0	0	0	0	0	0	0	0	0	0	0	0	0	1,596,467

	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
For Each Fund Type: Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes