

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

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2020**

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

**ROSTER OF OFFICIALS  
June 30, 2020**

**BOARD MEMBERS**

Amy Frykholm – Secretary/Treasury – Lake County School District  
Larry Foster – Member – Park County School District Re-2  
Brett Mitchell – President– Buena Vista School District  
Jeannie Peters – 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  
Cindy Bear – Park County School District Re-2  
David Blackburn – Salida School District R-32J  
Rachel Pokrandt – SAC - CMC

**ADMINISTRATIVE**

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

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## **MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**

### **Required Supplementary Information (RSI)**

**June 30, 2020**

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, 2020. 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 \$826,421 compared to the prior year. The end of fiscal year 2020’s total net position was \$(2,750,243), compared to \$(3,576,664) at the end of fiscal year 2019.

Mountain BOCES ended with a fund balance in the General Fund of \$1,016,749 which is an increase of \$30,672 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 (\$2,750,243), compared to (\$3,576,664) at the end of fiscal year 2018, increasing the net position by \$826,421.

### **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 I – CONDENSED SUMMARY OF NET POSITION

	2020	2019
<b>Assets:</b>		
Current Assets	\$ 1,365,456	\$ 1,296,467
Capital Assets – Net	55,695	328,434
Deferred Outflows of Resources	588,710	1,572,078
Capital Assets & Deferred Outflows of Financial Resources	<u>2,009,861</u>	<u>3,196,979</u>
<b>Liabilities:</b>		
Current Liabilities	348,707	610,390
Non-current Liabilities	1,211,529	1,328,162
Deferred Inflows of Resources	3,199,868	4,835,091
Total Liabilities & Deferred Inflows of Financial Resources	<u>4,760,104</u>	<u>6,773,643</u>
<b>Net Position:</b>		
Net Invested in Capital Assets	51,945	328,434
Restricted Net Position	300,000	-
Unrestricted Net Position	(3,102,188)	(3,905,098)
Total Net Position(Deficit)	<u>(2,750,243)</u>	<u>(3,576,664)</u>
Total Liabilities, Deferred Outflows and Net Position	<u>\$ 2,009,861</u>	<u>\$ 3,196,979</u>

Current assets decreased by \$203,750 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 \$1,187,118.

Total liabilities also decreased \$2,013,539. 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

	2020	2019
<b>Program Revenues:</b>		
Charges for Services	\$ 498,953	\$ 842,522
Operating Grants	<u>1,733,741</u>	<u>1,744,859</u>
Total Program Revenues	2,232,694	2,587,381
<b>General Revenues:</b>		
Investment Earnings	9,285	20,333
Gain (Loss) on Capital Asset Disposals	3,000	-
Miscellaneous Revenues	<u>236,042</u>	<u>5,581</u>
Total General Revenues	<u>248,327</u>	<u>25,914</u>
<b>Total Revenues</b>	<u>2,481,021</u>	<u>2,613,295</u>
<b>Expenses:</b>		
Instruction	1,070,513	685,054
Supporting Services	<u>584,087</u>	<u>(156,513)</u>
<b>Total Expenses</b>	<u>1,654,600</u>	<u>528,541</u>
Change in Net Position	826,421	2,084,754
Net Position - Beginning	<u>(3,576,664)</u>	<u>(5,661,418)</u>
<b>Net Position Ending</b>	<u>\$ (2,750,243)</u>	<u>\$ (3,576,664)</u>

A year to year decrease in total revenues of \$354,687, 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 2020 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, 2020, Mountain BOCES' governmental funds reported a fund balance of \$1,016,749 that is an increase of \$30,672 from the June 30, 2019 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 \$578,629 which may be used to meet Mountain BOCES ongoing obligations. The assigned fund equity increased \$41,002 and unassigned fund equity increased \$71,674 from the previous year. The assigned fund equity of \$138,120 is designated to specific programs and capital expenses.

## Capital Assets

As of June 30, 2020, Mountain BOCES had a net \$55,694 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:

	<u>Balance</u> <u>7/1/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2020</u>
<b>Depreciable assets</b>				
Buildings and site improvements	\$ 111,401	\$ -	\$ -	\$ 111,401
Transportation equipment	131,632	28,888	(38,655)	121,865
Other equipment	<u>231,498</u>	<u>10,084</u>	<u>(143,283)</u>	<u>98,299</u>
Total assets	<u>474,531</u>	<u>38,972</u>	<u>(181,938)</u>	<u>331,565</u>
<b>Accumulated depreciation</b>				
Buildings and site improvements	(97,408)	(2,975)	-	(100,383)
Transportation equipment	(128,208)	(4,869)	38,655	(94,422)
Other equipment	<u>(220,481)</u>	<u>(3,868)</u>	<u>143,283</u>	<u>(81,066)</u>
Total accumulated depreciation	<u>(446,097)</u>	<u>(11,712)</u>	<u>181,938</u>	<u>(275,871)</u>
<b>Net Capital assets</b>	<u>\$ 28,434</u>	<u>\$ 27,260</u>	<u>\$ -</u>	<u>\$ 55,694</u>
Instruction		\$ 6,583		
Supporting services		<u>10,125</u>		
<b>Total depreciation</b>		<u>\$ 11,712</u>		

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

## Debt Administration

As of June 30, 2020 Mountain BOCES had one outstanding debit of \$7,037 associated with a Copier lease.

	<u>Balance</u> <u>6/30/19</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/20</u>	<u>Current</u> <u>Portion</u>	<u>Interest</u> <u>Expense</u>
Net OPEB Liability	\$ 62,695	\$ (6,206)	\$ -	\$ 56,489	\$ -	\$ -
PERA Net Pension Liability	1,255,303	(107,300)	-	1,148,003	-	-
Capital Leases Payable	10,164	-	3,127	7,037	3,287	437
Total Long-term Liabilities	<u>\$ 1,328,162</u>	<u>\$ (113,506)</u>	<u>\$ 3,127</u>	<u>\$ 1,211,529</u>	<u>\$ 3,287</u>	<u>\$ 437</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 \$25,5621 lower then revised budget. Expenditures were \$56,293 under the revised budget.

## The State of Mountain BOCES

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

## Requests for Information

The financial report is designed to provide a general overview of Mountain BOCES' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager at 27900 County Road 319 – PO Box 1010, Buena Vista. CO 81211 or by calling 719.486.2603 ext. 316.

## FINANCIAL SECTION

# Mayberry & Company, LLC

## Certified Public Accountants

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

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Board of Directors  
Mountain Board of Cooperative Education 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 Education Services, Colorado, as of and for the year ended June 30, 2020, 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 Education Services, Colorado, as of June 30, 2020, 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 Education Services 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters**

***Required Supplementary Information – Management Discussion and Analysis and Pension Schedules***

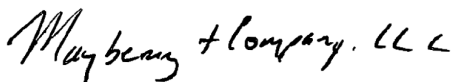
Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 – M6 and the pension schedules on page 40-43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial 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 44-46 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. 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 47-50 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.



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## **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, 2020.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

Statement of Net Position

June 30, 2020

	<b>Governmental Activities</b>
	<u>                    </u>
<b>ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	
<b>Assets</b>	
<b>Current Assets</b>	
Cash and Investments	\$ 1,062,955
Restricted Cash and Investments	300,000
Prepaid Expenses	1
Deposits	2,500
<b>Capital and Other Assets</b>	
Capital Assets Being Depreciated, net	55,695
<b>Total Assets</b>	<u>1,421,151</u>
<b>Deferred Outflows of Financial Resources</b>	
Net Pension Deferred Outflows	561,175
Net OPEB Deferred Outflows	27,535
<b>Total Deferred Outflows of Financial Resources</b>	<u>588,710</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	<u>\$ 2,009,861</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 70,134
Accrued Salaries & Benefits	3,690
Unearned Revenue Grants	274,883
<b>Noncurrent Liabilities</b>	
Due Within One Year	3,287
Due In More Than One Year	1,208,242
<b>Total Liabilities</b>	<u>1,560,236</u>
<b>Deferred Inflows of Financial Resources</b>	
Net Pension Deferred Inflows	3,094,030
Net OPEB Deferred Inflows	105,838
<b>Total Deferred Inflows of Financial Resources</b>	<u>3,199,868</u>
<b>Net Position</b>	
Net Investment in Capital Assets	51,945
Restricted Net Position	300,000
Unrestricted Net Position	(3,102,188)
<b>Total Net Position</b>	<u>(2,750,243)</u>
<b>TOTAL LIABILITIES, DEFERRED OUTFLOWS AND NET POSITION</b>	<u>\$ 2,009,861</u>

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



**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**Balance Sheet**  
**Governmental Funds**  
**General Fund**  
**June 30, 2020**

	<b>Totals</b>	
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and Investments	\$ 1,062,955	\$ 1,040,689
Restricted Cash and Investments	300,000	300,000
Grants Receivable	-	252,078
Other Accounts Receivable	-	3,700
Prepaid Expenses	1	-
Deposits	2,500	-
<b>TOTAL ASSETS</b>	<b>\$ 1,365,456</b>	<b>\$ 1,596,467</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts Payable	70,134	375,334
Accrued Salaries & Benefits	3,690	26,672
Unearned Revenue Grants	274,883	208,384
<b>Total Liabilities</b>	<b>348,707</b>	<b>610,390</b>
<b>Fund Balance</b>		
Restricted Escrow	300,000	300,000
Assigned Fund Balance	138,120	179,122
Unassigned Fund Balance	578,629	506,955
<b>Total Fund Balance</b>	<b>1,016,749</b>	<b>986,077</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 1,365,456</b>	<b>\$ 1,596,467</b>

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

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**Reconciliation of Governmental Fund Balances  
to Governmental Activities Net Position  
June 30, 2020**

Fund Balance - Governmental Funds		\$	1,016,749
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, being depreciated	\$	331,566	
Accumulated depreciation		<u>(275,871)</u>	55,695
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			
<b>Pension Liability</b>			
Net pension deferred outflows		561,175	
Net pension liability		(1,148,003)	
Net pension deferred inflows		<u>(3,094,030)</u>	(3,680,858)
<b>OPEB Liability</b>			
Net OPEB deferred outflows		27,535	
Net OPEB liability		(56,489)	
Net OPEB deferred inflows		<u>(105,838)</u>	(134,792)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Capital leases payable		<u>(7,037)</u>	<u>(7,037)</u>
Total Net Position - Governmental Activities			<u>\$ (2,750,243)</u>

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

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**General Fund**  
**For the Year Ended June 30, 2020**  
**(With Comparative Totals for the Year Ended June 30, 2019)**

	<u>Totals</u>	
	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
Local Sources	\$ 747,279	\$ 948,346
State Sources	1,078,011	950,705
Federal Sources	<u>655,731</u>	<u>714,244</u>
<b>TOTAL REVENUES</b>	<u>2,481,021</u>	<u>2,613,295</u>
<b>EXPENDITURES</b>		
<b>Current:</b>		
Instruction	1,082,372	954,656
Pupil Support	640,109	641,381
Staff Support	214,856	260,967
General Administration	78,451	82,991
Business Services	98,291	88,088
Operations and Maintenance	5,176	6,593
Transportation	65,435	50,383
Other Central Support	136,423	225,180
Risk Management	118,849	98,602
Other Supporting Services	6,823	22,630
Debt Service	<u>3,564</u>	<u>3,564</u>
<b>TOTAL EXPENDITURES</b>	<u>2,450,349</u>	<u>2,435,035</u>
<b>CHANGE IN FUND BALANCE</b>	30,672	178,260
<b>BEGINNING FUND BALANCE</b>	<u>986,077</u>	<u>807,817</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 1,016,749</u>	<u>\$ 986,077</u>

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

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**Reconciliation of Governmental Changes in Fund Balance  
to Governmental Activities Change in Net Position  
For the Year Ended June 30, 2020**

Change in Fund Balance - Governmental Funds	\$	30,672
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level		
Capitalized Asset Purchases	\$	38,973
Depreciation Expense		<u>(11,712)</u> 27,261
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.		
<b>Pension Liability</b>		
Current year change and amortization of deferred outflows - net		(981,294)
Change in net pension liability		107,300
Current year change and amortization of deferred inflows - net		<u>1,621,975</u> 747,981
<b>OPEB Liability</b>		
Current year change and amortization of deferred outflows - net		(2,074)
Change in OPEB liability		6,206
Current year change and amortization of deferred inflows - net		<u>13,248</u> 17,380
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level.		
Principal payments on capital leases		<u>3,127</u>
Total Net Position - Governmental Activities	\$	<u><u>826,421</u></u>

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

## MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

#### **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, 2020

### **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.

#### **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.

#### **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:

- 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.

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgets and Budgetary Accounting (Continued)**

- 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.

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:

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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.

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.

## MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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.

##### **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, 2020

**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, 2020, 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)	538,722	414,093
<b>Total Deposits</b>	<b><u>\$ 788,722</u></b>	<b><u>\$ 664,093</u></b>

**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, 2020 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, 2020

#### 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 2020, 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, 2020, 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, 2020

**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, 2020, the BOCES did not have any investments requiring safekeeping.

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

Bank Deposits	\$ 664,093
Local Govt Investment Pools	50,591
Mutual Fund Investments	<u>648,271</u>
<b>Total Cash and Investments</b>	<b><u>\$ 1,362,955</u></b>
Unrestricted	\$ 1,062,955
Restricted - Contingency Escrow	<u>300,000</u>
<b>Total Cash and Investments</b>	<b><u>\$ 1,362,955</u></b>

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

**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>7/1/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2020</u>
<b>Depreciable assets</b>				
Buildings and site improvements	\$ 111,401	\$ -	\$ -	\$ 111,401
Transportation equipment	131,632	28,888	(38,655)	121,865
Other equipment	<u>231,498</u>	<u>10,084</u>	<u>(143,283)</u>	<u>98,299</u>
Total assets	<u>474,531</u>	<u>38,972</u>	<u>(181,938)</u>	<u>331,565</u>
<b>Accumulated depreciation</b>				
Buildings and site improvements	(97,408)	(2,975)	-	(100,383)
Transportation equipment	(128,208)	(4,869)	38,655	(94,422)
Other equipment	<u>(220,481)</u>	<u>(3,868)</u>	<u>143,283</u>	<u>(81,066)</u>
Total accumulated depreciation	<u>(446,097)</u>	<u>(11,712)</u>	<u>181,938</u>	<u>(275,871)</u>
<b>Net Capital assets</b>	<u>\$ 28,434</u>	<u>\$ 27,260</u>	<u>\$ -</u>	<u>\$ 55,694</u>
Instruction		\$ 6,583		
Supporting services		<u>10,125</u>		
<b>Total depreciation</b>		<u>\$ 11,712</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, 2020, are \$3,690. 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, 2020, were as follows

	<u>Balance</u> <u>6/30/19</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/20</u>	<u>Current</u> <u>Portion</u>	<u>Interest</u> <u>Expense</u>
Net OPEB Liability	\$ 62,695	\$ (6,206)	\$ -	\$ 56,489	\$ -	\$ -
PERA Net Pension Liability	1,255,303	(107,300)	-	1,148,003	-	-
Capital Leases Payable	<u>10,164</u>	<u>-</u>	<u>3,127</u>	<u>7,037</u>	<u>3,287</u>	<u>437</u>
Total Long-term Liabilities	<u>\$ 1,328,162</u>	<u>\$ (113,506)</u>	<u>\$ 3,127</u>	<u>\$1,211,529</u>	<u>\$ 3,287</u>	<u>\$ 437</u>

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

**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 \$7,869 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>
2021	\$ 3,564
2022	3,564
2023	<u>297</u>
Total Payments	7,425
Less Interest at 4.24%	<u>(388)</u>
<b>Present Value of Payments</b>	<b><u>\$ 7,037</u></b>

**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.

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](http://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).

## MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

#### NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

##### Summary of Significant Accounting Policies (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 nonemployer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

##### General Information about the Pension Plan

- 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.

*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](http://www.copera.org/investments/pera-financial-reports).

*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:

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

**General Information about the Pension Plan (Continued)**

- 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.

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.

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

**General Information about the Pension Plan (Continued)**

*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, 2019 Through June 30, 2019	July 31, 2019 Through June 30, 2020
Employer contribution rate	10.15%	10.40%
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%	9.38%
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%
<b>Total employer contribution rate to the SCHDTF</b>	<b>19.13%</b>	<b>19.38%</b>

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

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

Pursuant to C.R.S. § 24-51-414, PERA is to receive an annual direct distribution from the State of Colorado in the amount of \$225 million (in actual dollars). Beginning in 2018, the distribution will occur each July 1 until there are no unfunded actuarial accrued liabilities in the trust fund of any division that receives such distribution. PERA shall allocate the distribution to the trust funds as it would an employer contribution in a manner that is proportionate to the annual payroll of each division except there shall be no allocation to the Local Government Division.

House Bill (HB) 20-1379, signed by Governor Polis on June 29, 2020, suspends the July 1, 2020, direct distribution.

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 the BOCES were \$86,950 for the year ended June 30, 2019.

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

**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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The BOCES proportion of the net pension liability was based on the BOCES' contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2020, the BOCES reported a liability of \$1,148,003 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the BOCES as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the BOCES were as follows:

District's proportionate share of the net pension liability	\$	(1,148,003)
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$	(129,220)
Total	\$	(1,277,223)

At December 31, 2019, the BOCES proportion was 0.00768 percent, which was an increase of 0.00059 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the BOCES recognized pension expense of \$664,980 and revenue of \$129,220 for support from the State as a nonemployer contributing entity. At June 30, 2020, 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	\$ 74,356	\$ -
Changes of assumptions or other inputs	\$ 114,279	\$ (480,408)
Net difference between projected and actual earnings on pension plan investments	\$ 114,446	\$ (441,052)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 215,219	\$ (2,172,570)
Contributions subsequent to the measurement date	\$ 42,875	\$ -
Total	\$ 561,175	\$ (3,094,030)

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

**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)**

\$42,875 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, 2021. 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
2021	\$ (1,479,700)
2022	(1,068,675)
2023	18,905
2024	(46,260)
Total	\$ (2,575,730)

*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	3.50-9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic) <sup>1</sup>	1.25%
PERA benefit struture hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

<sup>1</sup> For 2019, the AI was 0.0%

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.

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

**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)**

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

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to 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, 2018, 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 November 18, 2016, 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, 2020

**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)**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Rate of Return</b>
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.

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

**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)**

- 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 and the additional .50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop .50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State of Colorado, as a nonemployer contributing entity, provides an annual direct distribution of \$225 million (actual dollars), which commenced 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.
- The projected benefit payments reflect the lowered AI cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- 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. There was no change in the discount rate from the prior measurement date.

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

**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 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)	\$ (1,522,498)	\$ (1,148,003)	\$ (833,582)

*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](http://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](http://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, 2020 program members contributed \$8,845.

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

**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.

**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](http://www.copera.org/investments/pera-financial-reports).

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

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

## MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

#### **NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

##### **General Information about the OPEB Plan (Continued)**

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

##### *PERA Benefit Structure*

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

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

##### *DPS Benefit Structure*

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

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

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

**NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**General Information about the OPEB Plan (Continued)**

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the BOCES were \$4,609 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, 2020, the BOCES reported a liability of \$56,489 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The BOCES' proportion of the net OPEB liability was based on the BOCES' contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the BOCES' proportion was 0.00503 percent, which was an increase of 0.00042 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the BOCES recognized OPEB expense of \$13,002. At June 30, 2020, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

**NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 568	\$ (9,485)
Net difference between projected and actual earnings on pension plan investments	\$ 834	\$ (2,962)
Changes of assumptions or other inputs	\$ 437	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 23,433	\$ (93,391)
Contributions subsequent to the measurement date	\$ 2,263	\$ -
Total	\$ 27,535	\$ (105,838)

\$2,263 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, 2021. 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
2021	\$ (18,589)
2022	(18,589)
2023	(17,761)
2024	(23,731)
2025	(1,841)
2026	(55)
Total	\$ (80,566)

*Actuarial assumptions.* The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

**NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

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	5.60% for 2019, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% for 2019, gradually rising to 4.50% in 2029
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.

The actuarial assumptions used in the December 31, 2018, 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 2019 for the PERA Benefit Structure:

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

**NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>	<b>Premiums for Members Without Medicare Part A</b>
Medicare Advantage/Self-Insurance Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 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:

<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>
Medicare Advantage/Self-Insurance Prescription	\$567
Kaiser Permanente Medicare Advantage HMO	571

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2018, 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.

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

**NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

The 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
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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.
- **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.

## MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

#### **NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

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 morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

**NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

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:

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

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

*Sensitivity of the 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:

<b>Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates</b>			
	1% Decrease	Current Trend Rate	1% Increase
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate share of the net OPEB asset (liability)	\$ (55,147)	\$ (56,489)	\$ (58,039)

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

**NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

*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, 2019, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members
- assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

*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:

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

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

<b>Sensitivity of the Net OPEB Liability to Changes in the Discount Rate</b>			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (63,872)	\$ (56,489)	\$ (50,175)

*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](http://www.copera.org/investments/pera-financial-reports).

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.

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	\$	8,215
Technology Assigned Fund Balance		3,498
Alt. Licensure Assigned Fund Balance		19,672
Transportation Assigned Fund Balance		<u>9,616</u>
<b>Total Assigned Fund Balance</b>	<b>\$</b>	<b><u><u>41,001</u></u></b>

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

**NOTE 11: DEFICIT NET POSITION**

The Governmental Activities has an overall deficit net position of \$(2,750,243) and an unrestricted net position deficit of \$(3,102,188), primarily due to the PERA net pension liability of \$(1,148,003) and related net deferrals of \$(2,532,855) and OPEB net liability of \$(56,489) and related net deferrals of \$(78,303), as further described in Note 6. As the BOCES has no control over pension benefits or contribution rates, the BOCES expects this deficit net position to continue for the foreseeable future.

**NOTE 12: 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.

**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<sup>(1)</sup>

<u>Fiscal Year</u>	<u>BOCES' proportion of the net pension asset (liability)</u>	<u>BOCES' proportionate share of the net pension asset (liability)</u>	<u>Non-employer contributing entity's total proportionate share of the net pension asset (liability)</u>	<u>Total proportionate share associated with BOCES</u>	<u>BOCES' covered payroll</u>	<u>BOCES' proportionate share of the net pension asset (liability) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
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	322.09%	57.01%
June 30, 2020	0.007684%	\$ (1,148,003)	\$ (129,220)	\$ (1,277,223)	\$ 448,658	255.87%	64.52%

**Note:** All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

<sup>(1)</sup> - 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<sup>(1)</sup>**

<u>Fiscal Year</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%
June 30, 2020	\$ 86,950	\$ (86,950)	\$ -	\$ 448,658	19.38%

**Note:** All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

<sup>(1)</sup> - 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<sup>(1)</sup>**

<b>Fiscal Year Ended</b>	<b>BOCES' proportion of the net OPEB asset (liability)</b>	<b>BOCES' proportionate share of the net OPEB asset (liability)</b>	<b>BOCES' covered payroll</b>	<b>BOCES' proportionate share of the net OPEB asset (liability) as a percentage of covered payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
June 30, 2017	0.012373%	\$ (160,417)	\$ 726,547	22.079%	16.70%
June 30, 2018	0.015224%	\$ (197,855)	\$ 1,235,979	16.008%	17.53%
June 30, 2019	0.004608%	\$ (62,695)	\$ 389,733	16.087%	17.03%
June 30, 2020	0.005026%	\$ (56,489)	\$ 448,658	12.591%	24.49%

**Note:** All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

<sup>(1)</sup> - 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 - OPEB**

**PERA Health Care Trust Fund**

**Last 10 Fiscal Years<sup>(1)</sup>**

<u>Fiscal Year</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	\$ 7,411	\$ (7,411)	\$ -	\$ 726,547	1.02%
June 30, 2018	\$ 12,607	\$ (12,607)	\$ -	\$ 1,235,979	1.02%
June 30, 2019	\$ 3,975	\$ (3,975)	\$ -	\$ 389,733	1.02%
June 30, 2020	\$ 4,576	\$ (4,576)	\$ -	\$ 448,658	1.02%

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

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

See the accompanying Independent Auditors' Report.

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**BUDGETARY COMPARISON SCHEDULE**  
(Required Supplementary Information)

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2020**  
**(With Comparative Totals for the Year Ended June 30, 2019)**

	2020				2019 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
<b>REVENUES</b>					
<b>Local Sources</b>					
Transportation Fees	\$ 72,655	\$ 72,575	\$ 28,175	\$ (44,400)	\$ 73,417
Investment Earnings	200	200	9,285	9,085	20,333
Sale of Capital Assets	-	-	3,000	3,000	-
Local BOCES Passthrough	451,988	446,243	470,778	24,535	521,649
Overhead Cost Revenue	-	-	-	-	12,041
Indirect Cost Revenue	60,620	66,456	-	(66,456)	67,869
Other Local	135,426	146,426	236,041	89,615	253,037
Total Local Sources	<u>720,889</u>	<u>731,900</u>	<u>747,279</u>	<u>15,379</u>	<u>948,346</u>
<b>State Sources</b>					
State Grants from CDE					
State ECEA ( Special Education)	765,091	917,336	920,083	2,747	765,183
State Gifted and Talented	38,314	39,026	39,026	-	38,314
Expelled and At Risk Students	-	23,756	879	(22,877)	22,630
Read to Achieve	-	-	2,308	2,308	-
Counselor Grant	-	-	3,077	3,077	-
Implementing State Educational Priorities	120,415	120,399	83,597	(36,802)	88,168
Gifted Ed - Univ Screening and Qualified Persnl	28,023	23,535	17,453	(6,082)	26,215
Imp Ed Stability for Foster Youth	-	-	313	313	-
Ninth Grade Success Grant Program	-	-	246	246	-
State Grants from Other Agencies					
State PERA Contribution	-	-	11,029	11,029	10,195
Total State Sources	<u>951,843</u>	<u>1,124,052</u>	<u>1,078,011</u>	<u>(46,041)</u>	<u>950,705</u>
<b>Federal Sources</b>					
Federal Grants from CDE					
Special Education: Grnts to States - IDEA Part B	637,284	632,910	633,676	766	694,246
IDEA Part B- Special Education Preschool	17,419	17,780	20,442	2,662	19,998
Federal Child Find	-	-	1,613	1,613	-
Total Federal Sources	<u>654,703</u>	<u>650,690</u>	<u>655,731</u>	<u>5,041</u>	<u>714,244</u>
<b>TOTAL REVENUES</b>	<u>2,327,435</u>	<u>2,506,642</u>	<u>2,481,021</u>	<u>(25,621)</u>	<u>2,613,295</u>

See the accompanying Independent Auditors' Report

(Continued)

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2020**  
**(With Comparative Totals for the Year Ended June 30, 2019)**

	2020			Variance with Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
(Continued)					
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries	33,000	-	9,267	(9,267)	5,849
Benefits	1,823	-	2,025	(2,025)	1,263
PS-Professional	52,318	99,807	92,391	7,416	105,033
PS-Property	-	-	-	-	(10)
PS-Other	818,996	972,276	979,314	(7,038)	840,929
Supplies	-	-	139	(139)	447
Property	-	-	-	-	1,145
Other Expenses	-	-	(764)	764	-
Total Instruction	<u>906,137</u>	<u>1,072,083</u>	<u>1,082,372</u>	<u>(10,289)</u>	<u>954,656</u>
<b>Supporting Services</b>					
<b>Pupil Support</b>					
Salaries	7,800	7,800	4,534	3,266	8,255
Benefits	1,704	1,704	991	713	1,783
PS- Property	-	1,000	(200)	1,200	(725)
PS-Other	572,369	568,454	633,900	(65,446)	629,846
Supplies	-	1,000	-	1,000	(100)
Property	-	6,200	120	6,080	2,322
Other Expenses	-	-	764	(764)	-
Total Pupil Support	<u>581,873</u>	<u>586,158</u>	<u>640,109</u>	<u>(53,951)</u>	<u>641,381</u>
<b>Staff Support</b>					
Salaries	104,395	104,395	157,590	(53,195)	148,743
Benefits	32,851	32,851	45,866	(13,015)	41,603
PS- Professional	109,344	76,518	(15,928)	92,446	20,650
PS- Property	-	-	-	-	1,109
PS-Other	24,054	21,966	19,106	2,860	44,770
Supplies	700	4,835	8,221	(3,386)	4,092
Other Expenses	-	5,000	1	4,999	-
Total Staff Support	<u>271,344</u>	<u>245,565</u>	<u>214,856</u>	<u>30,709</u>	<u>260,967</u>
<b>General Administration</b>					
Salaries	42,436	42,436	42,436	-	41,200
Benefits	12,619	12,619	23,647	(11,028)	22,440
PS- Professional	10,000	10,000	4,982	5,018	1,254
PS- Property	-	-	-	-	573
PS-Other	2,400	2,400	4,319	(1,919)	2,829
Supplies	3,000	3,000	3,067	(67)	2,653
Other Expenses	2,500	2,500	-	2,500	12,042
Total General Administration	<u>72,955</u>	<u>72,955</u>	<u>78,451</u>	<u>(5,496)</u>	<u>82,991</u>

See the accompanying Independent Auditors' Report

(Continued)

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2020**  
**(With Comparative Totals for the Year Ended June 30, 2019)**

	2020				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2019 Actual
(Continued)					
<b>EXPENDITURES (Continued)</b>					
<b>Supporting Services (Continued)</b>					
<b>Business Services</b>					
Salaries	53,045	53,045	53,045	-	51,500
Benefits	18,284	18,284	18,284	-	17,818
PS- Professional	9,300	8,650	9,600	(950)	4,800
PS-Other	1,250	1,250	1,238	12	757
Supplies	31,892	19,953	16,124	3,829	13,213
Total Business Services	<u>113,771</u>	<u>101,182</u>	<u>98,291</u>	<u>2,891</u>	<u>88,088</u>
<b>Operations and Maintenance</b>					
PS- Property	8,200	8,200	5,176	3,024	6,248
Property	1,000	1,000	-	1,000	345
Total Operations and Maintenance	<u>9,200</u>	<u>9,200</u>	<u>5,176</u>	<u>4,024</u>	<u>6,593</u>
<b>Transportation</b>					
Salaries	34,789	46,209	19,114	27,095	28,216
Benefits	16,791	16,791	10,908	5,883	12,790
PS- Property	-	-	-	-	69
PS-Other	10,000	10,000	6,525	3,475	9,308
Property	-	-	28,888	(28,888)	-
Total Transportation	<u>61,580</u>	<u>73,000</u>	<u>65,435</u>	<u>7,565</u>	<u>50,383</u>
<b>Other Central Support</b>					
Salaries	59,931	59,931	64,289	(4,358)	94,282
Benefits	19,788	19,788	17,149	2,639	22,139
PS- Professional	46,400	47,284	32,696	14,588	33,891
PS-Other	5,700	5,700	7,872	(2,172)	2,822
Supplies	13,100	12,216	14,417	(2,201)	4,177
Property	1,150	1,150	-	1,150	-
Other Expenses	68,744	68,323	-	68,323	67,869
Total Other Central Support	<u>214,813</u>	<u>214,392</u>	<u>136,423</u>	<u>77,969</u>	<u>225,180</u>
<b>Risk Management</b>					
Salaries	49,865	49,865	65,955	(16,090)	65,286
Benefits	17,590	17,590	19,652	(2,062)	19,359
PS-Other	28,307	30,307	19,569	10,738	13,925
Supplies	-	-	-	-	32
Property	-	10,589	13,673	(3,084)	-
Total Risk Management	<u>95,762</u>	<u>108,351</u>	<u>118,849</u>	<u>(10,498)</u>	<u>98,602</u>
<b>Other Supporting Services</b>					
PS-Other	-	23,756	6,823	16,933	22,630
<b>Total Supporting Services</b>	<u>1,421,298</u>	<u>1,434,559</u>	<u>1,364,413</u>	<u>70,146</u>	<u>1,476,815</u>
<b>Debt Service</b>					
Interest	-	-	437	(437)	589
Principal	-	-	3,127	(3,127)	2,975
Total Debt Service	<u>-</u>	<u>-</u>	<u>3,564</u>	<u>(3,564)</u>	<u>3,564</u>
<b>TOTAL EXPENDITURES</b>	<u>2,327,435</u>	<u>2,506,642</u>	<u>2,450,349</u>	<u>56,293</u>	<u>2,435,035</u>
<b>CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>30,672</u>	<u>30,672</u>	<u>178,260</u>
<b>BEGINNING FUND BALANCE</b>	<u>577,085</u>	<u>577,085</u>	<u>986,077</u>	<u>408,992</u>	<u>807,817</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 577,085</u>	<u>\$ 577,085</u>	<u>\$ 1,016,749</u>	<u>\$ 439,664</u>	<u>\$ 986,077</u>

See accompanying Independent Auditors' Report.

## **STATE COMPLIANCE**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 9030 - Mountain BOCES  
 Fiscal Year 2019-20  
 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	986,077	2,481,020	2,450,348	1,016,749
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
<b>Sub- Total</b>	<b>986,077</b>	<b>2,481,020</b>	<b>2,450,348</b>	<b>1,016,749</b>
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
07 Total Program Reserve 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
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Proprietary</b>				
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
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
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
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FINAL



**Colorado Department of Education**  
**Bolded Balance Sheet Report**

District: 9030 - Mountain BOCES  
 Fiscal Year 2019-20

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	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
Cash and Investments (8100-8104,8111)	1,362,955	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,362,955	
Other Investment Accounts (8112-8115)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Grants Accounts Receivable (8142)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Receivables (8151-8154,8161)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Prepaid Expenses 8181,8182)	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	
Other Current Assets (8191-8194,8199)	2,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,500	
<b>Total Assets</b>	<b>1,365,456</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,365,456</b>	

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	Total Program Reserve Fund 07	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
<b>LIABILITIES &amp; FUND EQUITY</b>																
<b>LIABILITIES</b>																
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	70,134	0	0	0	0	0	0	0	0	0	0	0	0	0	0	70,134
Accrued Expenses (7461)	3,690	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,690
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	274,883	0	0	0	0	0	0	0	0	0	0	0	0	0	0	274,883
Other Current Liabilities (7491,7492,7499)	0	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	0
<b>Total Liabilities</b>	<b>348,707</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>348,707</b>

See accompanying Independent Auditors' Report.

**Governmental**

**Proprietary**

**Fiduciary**

<b>FUND EQUITY</b>	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	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	0
Restricted Fund Balance 6720	300,000	0	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	0
TABOR Multi-Year 6722	0	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	0
Colorado Preschool Program (CPP) Reserve 6724	0	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	0
BEST Capital Reserve 6727	0	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	0
Assigned Fund Balance 6760	138,120	0	0	0	0	0	0	0	0	0	0	0	0	0	0	138,120
Unassigned Fund Balance 6770	578,628	0	0	0	0	0	0	0	0	0	0	0	0	0	0	578,628
Invested in Capital Assets, Net of Related Debt 6790	0	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	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Fund Equity</b>	<b>1,016,749</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,016,749</b>

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	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
<b>Total Liabilities &amp; Fund Equity</b>	<b>1,365,456</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,365,456</b>

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	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
<b>For Each Fund Type: Do Assets=Liability+Fund Equity</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes