

cPa DIXON, WALLER & CO., INC.

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SAN LUIS VALLEY BOARD OF  
COOPERATIVE EDUCATIONAL  
SERVICES  
ALAMOSA, COLORADO  
FINANCIAL STATEMENTS  
JUNE 30, 2020

**DIXON, WALLER & CO., INC.**

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COOPERATIVE EDUCATIONAL  
SERVICES**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

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**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**BOARD OF DIRECTORS**  
**June 30, 2020**

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**BOARD OF DIRECTORS**

<b>Tina Freel</b>	<b>Chairman</b>
<b>Kurt Holland</b>	<b>Vice-Chairman</b>
<b>Katrina Brown</b>	<b>Secretary</b>
<b>Walter Roybal</b>	<b>Treasurer</b>
<b>Bridget Kreutzer</b>	<b>Member</b>
<b>Lucas Casias</b>	<b>Member</b>
<b>Tim Bachicha</b>	<b>Member</b>
<b>Misty Palacios</b>	<b>Member</b>
<b>David Smalley</b>	<b>Member</b>
<b>Brandon Thomas</b>	<b>Member</b>
<b>Keeli Larsen</b>	<b>Member</b>
<b>Gina Mitchell</b>	<b>Member</b>
<b>Austin Miller</b>	<b>Member</b>
<b>Theresa Sisneros</b>	<b>Member</b>

**BOCES OFFICE STAFF**

<b>Tina Goar</b>	<b>Executive Director</b>
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**FINANCIAL SECTION**

164 E. MAIN  
TRINIDAD, COLORADO 81082  
(719) 846-9241 FAX (719) 846-3352

**INDEPENDENT AUDITOR'S REPORT**

**Board of Directors  
San Luis Valley Board of  
Cooperative Educational Services  
Alamosa, Colorado 81101**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of San Luis Valley Board of Cooperative Educational Services, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the San Luis Valley Board of Cooperative Educational Services' basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of San Luis Valley Board of Cooperative Educational Services, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and post employment benefits trend data on pages i through vii and 38 through 42 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the San Luis Valley Board of Cooperative Educational Services' basic financial statements. The combining schedules and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining schedules, state required schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 combining schedules, state required schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020 on our consideration of the San Luis Valley Board of Cooperative Educational Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Luis Valley Board of Cooperative Educational Services' internal control over financial reporting and compliance.

Duan, Waller & Co., PC

November 30, 2020

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

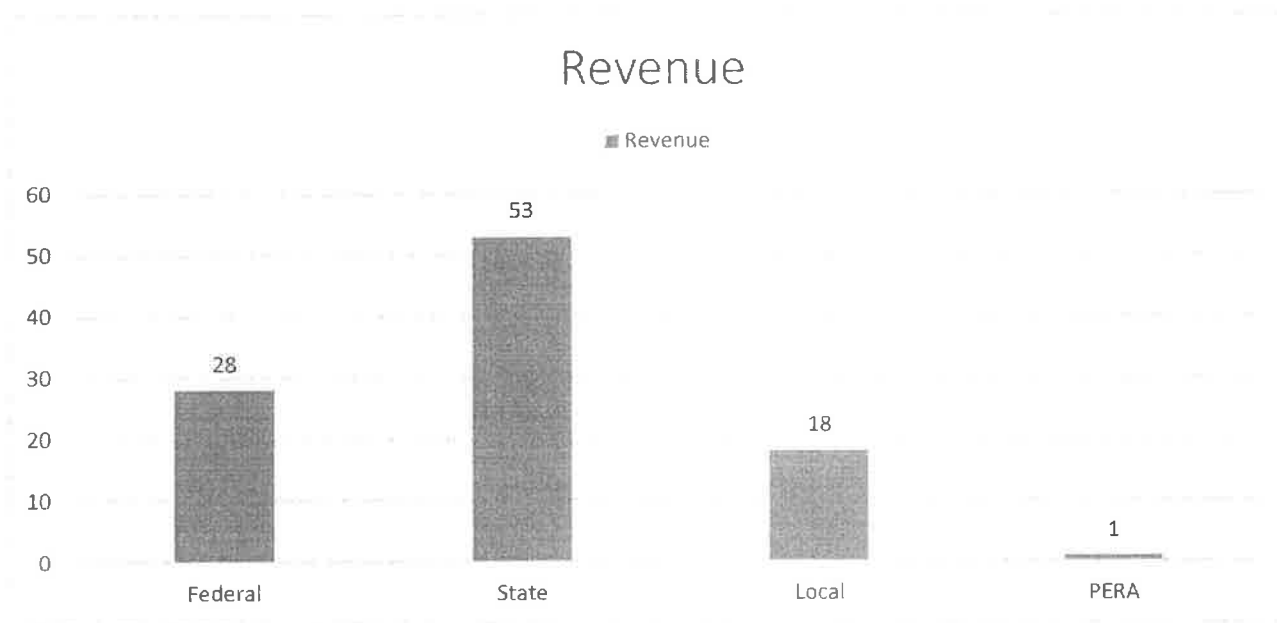
**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
MANAGEMENT’S DISCUSSION AND ANYALYSIS (MD&A)  
FISCAL YEAR ENDING JUNE 30, 2020**

As management of the San Luis Valley Board of Cooperative Educational Services (BOCES), we offer readers of the BOCES’ financial statements this narrative overview and analysis of the financial activities of the BOCES for the fiscal year ending June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit. While GASB 34 requires responses to eight items that are included herein, we will start this MD&A with a review of key financial highlights.

**Financial Highlights**

The BOCES financial status is quite stable. The beginning fund balance on July 1, 2019 was \$1,187,679 and ending fund balance on June 30, 2020 was \$1,217,768; which is an increase of \$30,089.

The General Fund had total revenue of \$4,965,121. The sources of this revenue were \$1,393,737 (28%) from Federal sources; \$2,621,602 (53%) from State sources; \$891,054 (18%) from local sources, and \$58,728 (1%) state on-behalf payments to PERA.



**Analysis of Financial Position & Results of Operations**

During the 2019/2020 fiscal year, the world experienced the COVID-19 pandemic; which brought much instability to the budget, as well as how services were provided to students throughout the San Luis Valley. Beginning in March 2020, all schools in the valley went remote and BOCES service providers went remote as well. They did a fantastic job of making sure kids were provided services to the best of their ability. No one was prepared for this type of a situation nor were there any plans that could be implemented from the past. The budget faired pretty well, as the pandemic did not hit until mid-year. However, the economic impact of the pandemic will be felt for several years. The BOCES did receive \$25,000 in COVID-19 funding was used for expenses associated with COVID such as personal protective equipment, cleaning supplies, technology, etc.

The financial position of the BOCES remained fairly strong during the fiscal year. Monthly, the Executive Director and finance staff reviewed financial reports to track expenditures within budget categories. Any problems noted were attended to immediately. Quarterly reports of the fiscal position of the BOCES are supplied to the Board of Directors as required by state law. The financial information is available online at [www.slvboces.org](http://www.slvboces.org).

The BOCES is committed to the basic premise that the purpose of a public school education is to help each child, including those with disabilities, develop to the limit of his/her own capacity. The BOCES goal is to provide full educational opportunities to all children with disabilities. Each child with a disability shall be offered an individual education program to meet his/her needs. The SLV BOCES provides a free and appropriate public education to all eligible students from 3 to 21 years of age.

The operations of the BOCES during the 2019/2020 fiscal year showed a wide variety of programs that were funded. The department of Exceptional Student Services remains the largest operation in the BOCES with approximately 50 staff members.

During the 2019/2020 school year, the BOCES sponsored several staff development opportunities for personnel in the San Luis Valley. Trainings were attended by administrators, teachers, paraprofessionals and community members.

The Alternative Teacher Licensure Program remains a success with ten candidates completing the program in 2019/2020. This program provides an alternative option for local residents to earn a Colorado teacher's license while on the job. Member school districts utilize this option to find quality people who have knowledge and skills that can benefit students.

Another great program offered through the BOCES is the Induction Program. This is a collaborative endeavor between the BOCES and member school districts. New teachers and/or principals, and administrators are enrolled in the program and work with mentors in their district. The induction program is designed to aid their transition into the district and enhance their professional capacity. Successfully completing the program allows the participants to be eligible to apply for a professional license from the Colorado Department of Education (CDE). Participation in an induction program is required by CDE in order to convert a three-year initial teaching, special services, or administrative license to a professional one with a five-year term.

The BOCES also received IDEA Part B and Federal Preschool dollars for the 2019/2020 fiscal year. In addition, the BOCES continued to receive EARSS, SWAP, CO-MTSS, McKinney-Vento, Gifted & Talented, Universal Screening, Title III and various other federal and state funds to support students in the San Luis Valley during the 2019/2020 fiscal year. New grants for the 2019/2020 fiscal year included Retaining Teacher and Education Stability. The BOCES supports the salaries of speech therapists, school psychologists, occupational therapists, physical therapists, an audiologist, special education teachers and paraprofessionals, as well as professional development, supplies, and equipment.

The board initiated no new construction projects during this fiscal year. However, the roof was replaced on part of the building due to severe leaks and damage that occurred the winter before. Insulation was also added to the building, as it was discovered during the re-roofing project that much of the building had no insulation in the ceiling of the building.

## Overview of Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the BOCES' finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the BOCES is improving or declining.

The statement of activities presents information showing how the BOCES' net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the BOCES that are principally supported by district assessments and governmental revenues.

The District is required to implement GASB 75 resulting in a net other post-employment benefit (OPEB) liability of \$300,670 in 2019/2020. Under GASB 75 the District's proportionate share of the OPEB liability of the Colorado state retirement system Health Care Trust Fund administered by the Public Employees Retirement Association, is recorded as a liability of the District. At implementation beginning equity is restated and deferred inflows, outflows and the net OPEB liability are reported. Beginning net position of governmental activities decreased as a result of this change.

Upon implementation of GASB 75, the beginning net position of governmental activities increased \$1,902,221 to (\$9,615,115) from (\$11,517,336) at the end of the previous fiscal year. Fiscal year 2019 financial information has not been restated because some of the comparable information is not available

The BOCES was required to implement GASB 68 resulting in a net pension liability of \$6,113,191. Under GASB 68 the BOCES's proportionate share of the net pension liability of the Colorado state retirement system, the Public Employees Retirement Association, is recorded as a liability of the BOCES. At implementation beginning equity is restated and deferred inflows, outflows and the net pension liability are reported. Beginning net position of governmental activities decreased as a result of this change.

### **Government –Wide Financial Analysis**

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the BOCES, liabilities were less than assets by \$9,615,115. The largest portion of the BOCES' net position reflects its obligation for the BOCES portion of the net pension obligation for PERA. The BOCES' financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**Table 1. Net Position for the Period Ending June 30, 2020 & June 30, 2019**

This analysis will show a good comparison from the prior year assets, since the implementation of GASB Statement 34.

<b>Table 1</b>	<b>06/30/20</b>	<b>06/30/19</b>
Current Assets	3,105,530	2,945,308
Capital Assets Net of Depreciation	66,534	60,016
<b>Total Assets</b>	<b>3,172,064</b>	<b>3,005,324</b>
Total Deferred Outflows	1,400,127	3,164,181
Current Liabilities	1,890,710	1,760,529
Long-Term Liabilities	6,460,420	8,607,866
<b>Total Liabilities</b>	<b>8,351,130</b>	<b>10,368,395</b>
Deferred Inflows	5,836,176	7,318,446
Net Investment in Capital Assets	57,538	48,120
Restricted		-
Unrestricted	(9,672,653)	(11,565,456)
<b>Total Net Position</b>	<b>(9,615,115)</b>	<b>(11,517,336)</b>

**Table 2. Statement of Governmental Activities for the Fiscal Years Ended June 30, 2020 & June 30, 2019**

<b>Table 2</b>	<b>6/30/20</b>	<b>6/30/19</b>
<b>Governmental Activity Revenues:</b>		
Local Sources	900,815	1,259,124
State Sources	2,621,601	2,219,036
Direct Distribution Payment	58,728	66,182
Federal Sources	1,393,737	1,497,138
<b>Total Governmental Activity Revenues</b>	<b>4,974,881</b>	<b>5,041,480</b>
<b>Governmental Activities Expenses:</b>		
Instructional	2,139,047	2,513,422
Students	1,098,127	936,433
Instructional Staff	808,361	715,632
School Administration	133,802	67,537
Business Services	281,269	299,928
Operations and Maintenance	56,361	46,782
Student Transportation	10,109	0
Central Office Support	178,490	160,090
Other Support	224,328	219,272
Community Service	104	75
Debt Service	177	225
Benefit Expense	(1,860,605)	(1,336,074)
<b>Total Governmental Activities Expenses</b>	<b>3,072,660</b>	<b>3,623,322</b>
Net Position, Beginning	(11,517,336)	(12,935,494)
Net Position, Ending	(9,615,115)	(11,517,336)
Change in Net Position	1,902,221	1,418,158

### Analysis of Fund Balances & Transactions

The beginning fund balance on July 1, 2019 was \$1,187,679 and ending fund balance on June 30, 2020 was \$1,217,768. The BOCES continues to work toward maintaining a healthy fund balance.

**Table 3. Schedule of Revenues, Expenditures & Change in Fund Balance for the Fiscal Years ended June 30, 2020 & June 30, 2019.**

<b>Table 3</b>	<b>6/30/20</b>	<b>6/30/19</b>
<b>Revenues:</b>		
Local Sources	891,055	1,259,124
State Sources	2,680,329	2,285,218
Federal Sources	1,393,737	1,497,138
<b>Total Revenues</b>	<b>4,965,121</b>	<b>5,041,480</b>
<b>Expenditures:</b>		
Instructional	2,141,156	2,513,017
Students	1,098,217	936,433
Instructional Staff	808,361	718,627
School Administration	133,319	67,054
Business Services	275,444	294,103
Operations and Maintenance	72,187	43,686
Central Office Support	178,490	165,088
Other Support	224,328	219,272
Community Service	104	75
Principal	2,900	2,852
Interest	177	225
<b>Total Expenses</b>	<b>4,944,792</b>	<b>4,960,432</b>
Property Sale Proceeds	9,760	0
<b>Revenues Over (Under) Expenditures</b>	<b>30,089</b>	<b>81,048</b>
<b>Fund Balance, Beginning</b>	<b>1,187,679</b>	<b>1,106,631</b>
<b>Fund Balance, Ending</b>	<b>1,217,768</b>	<b>1,187,679</b>

### Budget Variance Analysis

There were some budget variances from the final budget that was approved at the January 15, 2020 board meeting, and what the actual audit numbers were. To begin with, revenues are received by three primary sources...state, local and federal. The approved budget anticipated a total of \$5,135,897 being received by these three sources. Actual revenue received per the audit was \$4,965,121. So, the difference in what was anticipated and what was actually received was \$170,776. This is not unusual and is only 4% less than what was anticipated. In looking at an approximately \$5,000,000 this is pretty minimal. The BOCES also likes to adopt a "worst case" scenario by anticipating that revenues will be low, so that expenditures never exceed revenues.

One of the reasons for the budget difference was the BOCES portion of the state of behalf payment to PERA for 2019 in the amount of \$58,728. A budget for this amount was inadvertently left out of the final budget approval. State revenues received \$45,747 more than anticipated. The main reason was due to high cost reimbursement of \$45,870; which was not anticipated while creating the final budget, but greatly appreciated.

Federal revenues received \$169,683 less than anticipated. The main reason was due to timing. In order to receive federal money, a request for funds form (RFF) must be submitted to cde. The BOCES does their best to submit the RFF by the deadline which is the 1<sup>st</sup> of each month, and are based on the previous month's expenditures. If this deadline is missed then the RFF are not processed until the following month. After the

RFF are processed, it can take several weeks for the money to be received. For example, RFF that were submitted in June and July for May and June may not be received until after June 30. In addition, July & August accrued salaries, benefits and accrued AP were not requested until after June 30, so were not received in the 2019/2020 fiscal year.

Now to look at the difference of expenditures from the final budget approval and what actuals were with the audit. The approved budget for expenditures was \$6,323,575, and the final audit budget numbers were \$4,944,792. This is a good thing because it means that the BOCES spent \$1,378,783 less than anticipated. However, the BOCES must remain active in making smart budget decisions each year, as expenditures continue to increase, but revenue sources are decreasing.

Expenditures are broken down into several categories. All of the categories saw difference in what was anticipated with the final budget and what was actually spent. The categories consist of instruction, students, instructional staff, school administration, and central support. In addition, the BOCES adopts a “worst case scenario” when budgeting for expenditures. What this means is that the BOCES anticipates expenditures to be extremely high in order to make sure that there will always be enough revenue to cover them. There is also concern over what future budgets will look like due to the economic impact of the COVID-19 pandemic.

### Capital Assets & Long-Term Debt Activity

The BOCES had 7 vehicles at the beginning of the 2019/2020 fiscal year. However, during the year a mini-van and a mini-bus were sold for a total of \$9,760. Part of this money had to be used to offset federal expenditures as the vehicle was originally bought with federal money. The vehicles are mainly used by staff when attending trainings/conferences outside of the San Luis Valley. In addition, staff will at times use the vehicles to transport students to various activities. There was no long-term debt.

Summary 2019 /2020 Capital Assets	Balance 7/1/2019	Additions	Deletions	Balance 06/30/20
<b>Depreciable Assets:</b>				
Buildings	70,274	16,760	-	87,034
Equipment	178,081	0	6,690	171,391
Vehicles	225,000	0	55,350	169,465
<b>Total Depreciable Assets</b>	<b>473,355</b>	<b>16,760</b>	<b>62,225</b>	<b>427,890</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings	45,606	3,934	-	49,540
Vehicles	139,750	-	55,535	84,215
Equipment	227,983	6,308	6,690	227,601
<b>Total Accumulated Depreciation</b>	<b>413,339</b>	<b>10,242</b>	<b>62,225</b>	<b>361,356</b>
<b>Total Capital Assets, Net</b>	<b>60,016</b>	<b>6,518</b>	<b>-</b>	<b>66,534</b>
Summary of 2018/ 2019 Capital Assets	Balance 7/1/2018	Additions	Deletions	Balance 06/30/19
<b>Depreciable Assets:</b>				
Buildings	70,274	-	-	70,274
Equipment	173,412	7,993	3,324	178,081
Vehicles	225,000	-	-	225,000
<b>Total Depreciable Assets</b>	<b>468,686</b>	<b>7,993</b>	<b>3,324</b>	<b>473,355</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings	42,510	3,096	-	45,606
Vehicles	139,750	-	-	139,750
Equipment	224,999	6,308	3,324	227,983
<b>Total Accumulated Depreciation</b>	<b>407,259</b>	<b>9,404</b>	<b>3,324</b>	<b>413,339</b>
<b>Total Capital Assets, Net</b>	<b>61,427</b>	<b>(1,411)</b>	<b>-</b>	<b>60,016</b>

### **Modified Approach to Report Infrastructure Assets**

This approach is not applicable to the BOCES.

### **Currently Known Facts Having Effect on Financial Position**

Member school districts of the BOCES are facing unstable enrollment, as well as having to continuously cut their budgets. Since there were extreme decreases in revenue at the district level, the BOCES was also required to make cuts in its budget, and will need to continue to look at budget cuts. Just to reiterate, there is also concern over what future budgets will look like due to the economic impact of the COVID-19 pandemic.

The continual cost due to the increase in health insurance, PERA and other employee benefits continues to be a concern. Since the BOCES covers an 8,000 square mile area, the fluctuating price of fuel and upkeep of vehicles is also a concern.

Questions regarding this report should be directed to Staci Turner, Business Manager at (719) 587-5405, [sturner@slvboces.org](mailto:sturner@slvboces.org) or by mail at San Luis Valley BOCES, 2261 Enterprise Drive, Alamosa, CO 81101.

## BASIC FINANCIAL STATEMENTS

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash	2,924,099	2,924,099
Investments	2,621	2,621
Accounts Receivable	47,547	47,547
Accrued Revenue	125,724	125,724
Prepaid	5,539	5,539
<b><u>Total Current Assets</u></b>	<b><u>3,105,530</u></b>	<b><u>3,105,530</u></b>
<b><u>Capital Assets</u></b>		
Depreciable Assets	427,890	427,890
Accumulated Depreciation	<u>(361,356)</u>	<u>(361,356)</u>
<b><u>Capital Assets Net of Depreciation</u></b>	<b><u>66,534</u></b>	<b><u>66,534</u></b>
<b><u>TOTAL ASSETS</u></b>	<b><u>3,172,064</u></b>	<b><u>3,172,064</u></b>
<b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>		
Pension	1,380,197	1,380,197
Other Post Employment Benefits	19,930	19,930
<b><u>TOTAL DEFERRED OUTFLOW OF RESOURCES</u></b>	<b><u>1,400,127</u></b>	<b><u>1,400,127</u></b>
<b><u>LIABILITIES</u></b>		
<b><u>Current Liabilities:</u></b>		
Accounts Payable	31,974	31,974
Accrued Salaries and Benefits	376,293	376,293
Capital Lease – Current	2,948	2,948
Unearned Grant Payments	1,479,495	1,479,495
<b><u>Total Current Liabilities</u></b>	<b><u>1,890,710</u></b>	<b><u>1,890,710</u></b>
<b><u>Long-Term Liabilities:</u></b>		
Capital Lease	6,048	6,048
Net Pension Liability	6,113,191	6,113,191
Other Post Employment Benefits Liability	300,670	300,670
Compensated Absences	40,511	40,511
<b><u>Total Long-Term Liabilities</u></b>	<b><u>6,460,420</u></b>	<b><u>6,460,420</u></b>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>8,351,130</u></b>	<b><u>8,351,130</u></b>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>		
Pension	5,727,772	5,727,772
Other Post Employment Benefits	108,404	108,404
<b><u>TOTAL DEFERRED INFLOW OF RESOURCES</u></b>	<b><u>5,836,176</u></b>	<b><u>5,836,176</u></b>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	57,538	57,538
Unrestricted	<u>(9,672,653)</u>	<u>(9,672,653)</u>
<b><u>TOTAL NET POSITION</u></b>	<b><u>(9,615,115)</u></b>	<b><u>(9,615,115)</u></b>

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

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**STATEMENT OF ACTIVITIES**  
**Fiscal Year Ended June 30, 2020**

	<u>Charges for Services</u>	<u>Program Revenues</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenue and Changes in Net Position</u>
		<u>Operating Grants &amp; Contributions</u>	<u>and Contributions</u>	<u>Primary Governmental Activities</u>
<u>Expenses</u>				<u>Total</u>
<b><u>FUNCTIONS/PROGRAMS</u></b>				
<b>Primary Government</b>				
<b>Governmental Activities</b>				
Instruction	2,139,047	2,142,190	-	3,143
Student Support	1,098,217	1,090,593	-	(7,624)
Instructional Staff	808,361	751,758	-	(56,603)
School Administration	133,802	133,802	-	-
Business Support	281,269	165,024	-	(116,245)
Operation & Maintenance	59,361	-	-	(59,361)
Student Transportation	10,109	10,109	-	-
Central Support	178,490	58,961	-	(119,529)
Other Support	224,328	224,328	-	-
Community Service	104	104	-	-
Debt Service	177	-	-	(177)
Pension and Post Employment Benefit Cost	(1,860,605)	-	-	1,860,605
<b>Total Governmental Activities</b>	<b><u>3,072,660</u></b>	<b><u>4,576,869</u></b>	<b><u>-</u></b>	<b><u>1,504,209</u></b>
				<b><u>1,860,605</u></b>
				<b><u>1,504,209</u></b>
<b>General Revenues</b>				
BOCES Administration		316,194		316,194
Direct Distribution Payment		58,728		58,728
Gain on Sale of Property		9,760		9,760
Earnings on Investments		13,330		13,330
<b>Total General Revenues and Transfers</b>		<b><u>398,012</u></b>		<b><u>398,012</u></b>
<b>Change in Net Position</b>		<b>1,902,221</b>		<b>1,902,221</b>
<b>Net Position, Beginning</b>		<b>(11,517,336)</b>		<b>(11,517,336)</b>
<b>Net Position, Ending</b>		<b>(9,615,115)</b>		<b>(9,615,115)</b>

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

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2020**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>		
Cash	2,924,099	2,924,099
Investments	2,621	2,621
Accounts Receivable	47,547	47,547
Accrued Revenues	125,724	125,724
Prepaid	5,539	5,539
<u>Total Assets</u>	<u>3,105,530</u>	<u>3,105,530</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b><u>Liabilities:</u></b>		
Accounts Payable	31,974	31,974
Accrued Salaries Payable	376,293	376,293
Unearned Grant Payments	1,479,495	1,479,495
<u>Total Liabilities</u>	<u>1,887,762</u>	<u>1,887,762</u>
<b><u>Fund Balances:</u></b>		
<b><u>Nonspendable</u></b>		
Prepaid	5,539	5,539
Unassigned	1,212,229	1,212,229
<u>Total Fund Balances</u>	<u>1,217,768</u>	<u>1,217,768</u>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>3,105,530</u></b>	<b><u>3,105,530</u></b>

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

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO STATEMENT OF NET POSITION  
June 30, 2020**

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

<b><u>TOTAL FUND BALANCE – GOVERNMENTAL FUNDS</u></b>	<b>1,217,768</b>
<p>Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$427,890 and the accumulated depreciation is \$361,356.</p>	
	66,534
<p>Long-Term Liabilities are not due and payable in the current period and, therefore, not reported in the fund:</p>	
Capital Lease	(8,996)
Compensated Absences	(40,511)
	(49,507)
<p>Net pension and other post employment benefits liabilities, along with associated deferred flows, are not recorded at the fund level:</p>	
Net Pension Liability	(6,113,191)
Net Other Post Employment Benefits Liability	(300,670)
Deferred Outflows	1,400,127
Deferred Inflows	(5,836,176)
<b><u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u></b>	<b>(9,615,115)</b>

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

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**Fiscal Year Ended June 30, 2020**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES:</u></b>		
Local Revenues	891,055	891,055
State Revenues	2,680,329	2,680,329
Federal Revenues	<u>1,393,737</u>	<u>1,393,737</u>
<u>Total Revenues</u>	<u>4,965,121</u>	<u>4,965,121</u>
 <b><u>EXPENDITURES</u></b>		
Instruction	2,141,156	2,141,156
Supporting Services:		
Student	1,098,217	1,098,217
Instructional Staff	808,361	808,361
School Administration	133,319	133,319
Business	275,444	275,444
Operation & Maintenance	72,187	72,187
Student Transportation	10,109	10,109
Central Support	178,490	178,490
Other Support	224,328	224,328
Community Services	104	104
Debt Service:		
Principal	2,900	2,900
Interest	177	177
<u>Total Expenditures</u>	<u>4,944,792</u>	<u>4,944,792</u>
 <b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>	 <u>20,329</u>	 <u>20,329</u>
 <b><u>OTHER FINANCING SOURCES (USES)</u></b>		
Property Sale Proceeds	<u>9,760</u>	<u>9,760</u>
<u>Total Other Financing Sources (Uses)</u>	<u>9,760</u>	<u>9,760</u>
 <b><u>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u></b>	 <u>30,089</u>	 <u>30,089</u>
 <b><u>FUND BALANCES, Beginning</u></b>	 <u>1,187,679</u>	 <u>1,187,679</u>
 <b><u>FUND BALANCES, Ending</u></b>	 <u>1,217,768</u>	 <u>1,217,768</u>

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

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Fiscal Year Ended June 30, 2020**

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

**NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS** **20,329**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$2,500 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This the amount by which depreciation exceeded capital outlays in the current period.

Gain on Sale of Assets	9,760	
Capital Outlays more than \$2,500	16,760	
Depreciation Expense	<u>(10,242)</u>	16,278

Compensated absences do not use current financial resources and are not reported on the governmental fund financial statements but are recognized on the government-wide financial statements. 2,109

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Lease Principal Payments	2,900	
Interest Expense	<u>—</u>	2,900

The increase in net pension liability, along with the changes and amortizations of deferred flows associated with the net pension liability are not recorded at the fund level:

Pension Cost		1,845,215
Other Post Employment Benefit Cost		<u>15,390</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **1,902,221**

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of San Luis Valley Board of Cooperative Educational Services (the Cooperative) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Cooperative's accounting policies are described below.

**A.    Reporting Entity**

Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended by Statement No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This Cooperative is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the Cooperative (the primary government) and its component units.

**B.    Government-Wide and Fund Financial Statements**

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Cooperative. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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

**C.    Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

When both restricted and unrestricted resources are available for use, it is the Cooperative's policy to use restricted resources first, then unrestricted resources, as they are needed.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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

**D.    Fund Accounting**

The accounts of the Cooperative are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major fund presented in the accompanying basic financial statements is as follows:

- **Major Governmental Fund**

1. **General Fund** – the general operating fund of the Cooperative; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.

**E.    Cash and Investments**

Cash represents amounts on deposit with financial institutions or held by the Cooperative. The Cooperative is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The Cooperative considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

**F.    Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts**

Accumulated unpaid vacation and sick pay are not accrued in governmental funds (using the modified accrual basis of accounting). These amounts do not exceed normal year's accumulations. It is the policy of the Cooperative that no monetary payments will be made for unused sick leave upon termination.

Accrued vacation payable as of June 30, 2020, was \$40,511.

**G.    Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the various funds. Encumbrances lapse at the end of the year.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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

**H.    Restricted Grants**

Revenues on grants which are restricted by the grant document for specific purposes are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

**I.    Capital Assets**

Capital assets, which include property, vehicles and equipment, are utilized for general Cooperative operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The Cooperative does not capitalize interest on the construction of capital assets in governmental funds. However, the Cooperative does capitalize interest on the construction of capital assets in business-type activities.

The monetary threshold for capitalization of assets is \$2,500. The Cooperative capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-30 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition.

**J.    Long-Term Obligations**

In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities in the applicable government activities. The Cooperative records long-term debt of governmental funds at the face value.

**K.    Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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

**L.    GASB Statement No. 54**

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the Cooperative's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

**Fund Balance Classification Policies and Procedures**

**Committed Fund Balance Policy:**

The Cooperative's Committed Fund Balance is fund balance reporting required by the Board of Directors, either because of a Board Policy in the Board Policy Manual, or because of motions that passed at Board meetings.

**Assigned Fund Balance Policy:**

The Cooperative's Assigned Fund Balance is fund balance reporting occurring by Board Administration authority, under the direction of the Chief Business Officer.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

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

**L.      GASB Statement No. 54 (Continued)**

**Order of Fund Balance Spending Policy**

The Cooperative's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

**Fund Balance Classification by Fund:**

	<b>General Fund</b>	<b>Total Governmental Funds</b>
Nonspendable	5,539	5,539
Unassigned	<u>1,212,229</u>	<u>1,212,229</u>
<b><u>Total Fund Balances</u></b>	<b><u>1,217,768</u></b>	<b><u>1,217,768</u></b>

**M.      Deferred Outflows / Inflows of Resources**

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

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

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE 2**      **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

**NOTE 3**      **BUDGETARY INFORMATION**

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The Cooperative has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Executive Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Executive Director is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund.
6. The Budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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**NOTE 4**      **CASH AND INVESTMENTS**

**Deposits**

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

At June 30, 2020, the Cooperative's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	<u>2,674,099</u>	<u>2,734,525</u>
<u>Total Cash and Deposits</u>	<u>2,924,099</u>	<u>2,984,525</u>

As presented above, deposits with a bank balance of \$2,734,525 and a carrying balance of \$2,674,099 as of June 30, 2020 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE 4**      **CASH AND INVESTMENTS (continued)**

**Investments**

At June 30, 2020, the Cooperative had the following investments;

<b><u>Investment</u></b>	<b><u>Maturity</u></b>	<b><u>Value</u></b>	<b><u>Credit Risk</u></b>
COLOTRUST	41 Day Average	2,621	AAAm

**Interest Rate Risk** – The Cooperative does not have a formal investment policy that limits investment maturities for managing possible fair value losses due to increasing interest rates.

**Credit Risk** – State Law limits the type of investments allowable. The investment in COLOTRUST were rated AAAm by Stand & Poor’s.

**Concentration of Credit Risk** – The Cooperative has no policy restricting the amount that can be invested in any issuer.

The Cooperative categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Cooperative has no recurring fair value measurements as of June 30, 2020:

- COLOTRUST Investment Pool

Investments in this external investment pool are reported at \$1 net asset value per share and are not subject to fair value measurement. The investment is reported at cost.

**NOTE 5**      **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, at June 30, 2020, are estimated to be \$376,293. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE 6**      **PENSION PLAN**

**Defined Benefit Pension Plan**

**Summary of Significant Accounting Policies**

**Pensions.** San Luis Valley Board of Cooperative Educational Services 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. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

**General Information about the Pension Plan**

**Plan description.** Eligible employees of the San Luis Valley Board of Cooperative Educational Services are provided with pensions through the 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, 2019.** 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.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE 6**      **PENSION PLAN (Continued)**

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

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

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent 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 of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTE. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in 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.

*Contribution provisions as of June 30, 2020:* Eligible employees, San Luis Valley Board of Cooperative Educational Services and the State are required to contribute to the SCHDTE at a rate set by Colorado statute. The contribution requirements for the SCHDTE are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below.

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
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**June 30, 2020**

**NOTE 6**

**PENSION PLAN (Continued)**

	July 1, 2019 Through June 30, 2020
Employer Contribution Rate	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)%
Amount apportioned to the SCHDTF	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.38%

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

As specified in C.R.S. § 24-51-414, 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.

Subsequent to the SCHDTF's December 31, 2019, measurement date, HB20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the San Luis Valley Board of Cooperative Educational Services is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from San Luis Valley Board of Cooperative Educational Services were \$444,482 for the year ended June 30, 2020.

**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 San Luis Valley Board of Cooperative Educational Services proportion of the net pension liability was based on San Luis Valley Board of Cooperative Educational Services 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.

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2020

**NOTE 6**      **PENSION PLAN (Continued)**

At June 30, 2020, the San Luis Valley Board of Cooperative Educational Services reported a liability of \$6,113,191 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 San Luis Valley Board of Cooperative Educational Services 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 San Luis Valley Board of Cooperative Educational Services were as follows:

San Luis Valley Board of Cooperative Educational Services proportionate share of the net pension liability	\$ 6,113,191
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the San Luis Valley Board of Cooperative Educational Services	\$ 775,380
<b>Total</b>	<b>\$ 6,888,571</b>

At December 31, 2019, the San Luis Valley Board of Cooperative Educational Services proportion was 0.041 percent, which was a decrease of 0.005 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the San Luis Valley Board of Cooperative Educational Services recognized pension income of \$1,845,215 and revenue of \$58,728 for support from the State as a nonemployer contributing entity. At June 30, 2020, the San Luis Valley Board of Cooperative Educational Services reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	333,173	-
Changes of assumptions or other inputs	174,522	(2,772,885)
Net difference between projected and actual earnings on pension plan investments	652,161	(1,376,330)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(1,578,557)
Contributions subsequent to the measurement date	220,341	N/A
<b>Total</b>	<b>1,380,197</b>	<b>(5,727,772)</b>

\$220,341 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, 2020	
2021	(2,357,565)
2022	(1,809,253)
2023	(154,735)
2024	(246,363)
2025	-
Thereafter	-

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2020

**NOTE 6**      **PENSION PLAN (Continued)**

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)*	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)*	Financed by the Annual Increase Reserve

\*For 2019, the annual increase was 0.00 percent.

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.

Post-retirement non-disabled mortality assumptions 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 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, valuation 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.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
 NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 6**      **PENSION PLAN (Continued)**

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

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

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

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 percent.

*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 percent.
- 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 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE 6**      **PENSION PLAN (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 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect 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 provides an annual direct distribution of \$225 million, 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 annual increase 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 rate 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.

*Sensitivity of the San Luis Valley Board of Cooperative Educational Services 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:

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2020

**NOTE 6**      **PENSION PLAN (Continued)**

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	8,107,400	6,113,191	4,438,878

*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).

**Defined Contribution Pension Plan**

**Voluntary Investment Program**

*Plan Description* – Employees of the San Luis Valley Board of Cooperative Educational Services 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 CAFR which includes additional information on the Voluntary Investment Program. 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. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2020, program members contributed \$37,954.

**NOTE 7**      **OTHER POST EMPLOYMENT BENEFITS**

**Defined Benefit Other Post Employment Benefit (OPEB) Plan**

**Summary of Significant Accounting Policies**

*OPEB.* San Luis Valley Board of Cooperative Educational Services 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.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE 7**      **OTHER POST EMPLOYMENT BENEFITS (Continued)**

**General Information about the OPEB Plan**

*Plan description.* Eligible employees of the San Luis Valley Board of Cooperative Educational Services 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.

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.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 7**      **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

*DPS Benefit Structure*

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the San Luis Valley Board of Cooperative Educational Services is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from San Luis Valley Board of Cooperative Educational Services were \$23,394 for the year ended June 30, 2020.

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

At June 30, 2020, the San Luis Valley Board of Cooperative Educational Services reported a liability of \$300,670 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 San Luis Valley Board of Cooperative Educational Services proportion of the net OPEB liability was based on San Luis Valley Board of Cooperative Educational Services contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 7**      **OTHER POST EMPLOYMENT BENEFITS (Continued)**

At December 31, 2019, the San Luis Valley Board of Cooperative Educational Services proportion was 0.0268 percent, which was an increase of 0.0031 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the San Luis Valley Board of Cooperative Educational Services recognized OPEB income of \$15,390. At June 30, 2020, the San Luis Valley Board of Cooperative Educational Services reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	998	(50,524)
Changes of assumptions or other inputs	2,494	-
Net difference between projected and actual earnings on OPEB plan investments	4,841	(9,860)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(48,020)
Contributions subsequent to the measurement date	11,597	N/A
Total	19,930	(108,404)

\$11,597 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, 2020	
2021	(21,372)
2022	(21,371)
2023	(19,918)
2024	(19,564)
2025	(16,842)
Thereafter	(1,004)

**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:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 7**

**OTHER POST EMPLOYMENT BENEFITS (Continued)**

Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

The actuarial assumptions used in the December 31, 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:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured 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:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$562
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.

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 7      OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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.

Post-retirement non-disabled 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.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE 7**      **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Post-retirement non-disabled 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 2019 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.

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:

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 7**      **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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 percent.

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
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%
Net OPEB Liability	293,527	300,670	308,923

*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.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2020

**NOTE 7**

**OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	339,968	300,670	267,062

*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).

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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**NOTE 8**      **INTERGOVERNMENTAL AGREEMENTS**

Not reflected in the accompanying financial statements is the various Districts' participation in the San Luis Valley Board of Cooperative Educational Services (Cooperative). The Cooperative is an organization that provides member districts educational services at a shared lower cost per district.

The Districts have one member on the Board. This Board has full authority for all budgeting and financing of the Cooperative.

The Cooperative is not a component unit of the participating Districts as the oversight responsibility is minimal, there is no financial interdependency, the Districts do not have the ability to significantly influence the operations of the Cooperative and the Districts are not accountable for fiscal matters of the Cooperative.

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

Claims and Judgments - The Cooperative participates in a number of federal, state and Cooperative programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Cooperative may be required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant expenditures have not been audited by the grantor but the Cooperative believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the individual government fund or the overall financial position of the Cooperative.

**NOTE 10**      **CONTINGENCIES - TAX, SPENDING LIMITATIONS**

The Cooperative has determined that it is not subject to amendment 1, commonly known as the Taxpayers Bill of Rights (TABOR) based on the following:

1. A Cooperative is not independently subject to the spending and revenue limits imposed by Amendment 1. Cooperative revenues and spending may therefore fluctuate independent of the restrictions imposed by the Amendment. However, contributions by member Cooperatives and by the state will be subject to the spending limits imposed by the Amendment at the time the transfer is made to the Cooperative account.
2. A Cooperative may enter into multiple-year financial obligations, as those obligations are defined in Amendment 1, only to the extent and in the manner to which its member school Cooperatives are permitted under Amendment 1 to enter into such financial obligations.
3. The Cooperative need not maintain an emergency reserve as required by Amendment 1 for local government entities.

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 10**    **CONTINGENCIES - TAX, SPENDING LIMITATIONS (Continued)**

4.    The Cooperative is not a local government under Amendment 1 because its activities and authority are not confined to a specific geographical area within the state, it addresses matters of statewide concern, and it was created by a statewide vote of the electorate. The board is decidedly not a private entity. Nor is it as presently constituted an "enterprise" under Amendment 1. While the board is not an "agency" of the state, the Cooperative conclude that the best reading of Amendment 1 is to exclude from state fiscal year spending limits only those entities that are nongovernmental, and the board is essentially governmental in nature. This interpretation of Amendment 1 is the interpretation that "reasonably restrains most of the growth of government".

**NOTE 11**    **CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b><u>Governmental Activities</u></b>				
<b><u>Depreciable Assets:</u></b>				
Buildings	70,274	16,760	-	87,034
Equipment	178,081	-	6,690	171,391
Transportation	<u>225,000</u>	-	<u>55,535</u>	<u>169,465</u>
<b><u>Total Depreciable Assets</u></b>	<u>473,355</u>	<u>16,760</u>	<u>62,225</u>	<u>427,890</u>
<b><u>Less Accumulated</u></b>				
<b><u>Depreciation for:</u></b>				
Buildings	45,606	3,934	-	49,540
Transportation	139,750	-	55,535	84,215
Equipment	<u>227,983</u>	<u>6,308</u>	<u>6,690</u>	<u>227,601</u>
<b><u>Total Accumulated</u></b>				
<b><u>Depreciation</u></b>	<u>413,339</u>	<u>10,242</u>	<u>62,225</u>	<u>361,356</u>
<b><u>Total Capital Assets, Net</u></b>	<u>60,016</u>	<u>6,518</u>	<u>-</u>	<u>66,534</u>
<b><u>Governmental Activities:</u></b>				
Instruction				-
Support – Students				-
School Administration				483
Business				5,825
Operation and Maintenance				<u>3,934</u>
<b><u>Total Depreciation Expense – Governmental Activities</u></b>				<u>10,242</u>

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2020

**NOTE 12**    **RISK MANAGEMENT**

The Cooperative is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The Cooperative maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**NOTE 13**    **CAPITAL LEASES**

Changes in Long-term debt:

Following is a summary of long-term debt transactions during the fiscal year 2020.

**CAPITAL LEASES PAYABLE**

<u>Governmental Funds</u>	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2020</u>	<u>Current Amount Due</u>
<b>General Fund:</b>					
<b>Xerox C8045</b>					
Copier	<u>11,896</u>	-	<u>2,900</u>	<u>8,996</u>	<u>2,948</u>
<b>Total</b>	<u>11,896</u>	-	<u>2,900</u>	<u>8,996</u>	<u>2,948</u>
			<b>Current Liability</b>	<b>2,948</b>	
			<b>Non-Current Liability</b>	<b>6,048</b>	
			<b>Total</b>	<b><u>8,996</u></b>	

On June 11, 2018, the Cooperative entered into a lease to acquire a copier. The lease term is for 60 months with interest at 1.674% per annum. Payments are to begin July 10, 2018.

Annual debt service requirements to maturity for the lease purchase agreements are as follows:

**Xerox C8045 Copier**

	<u>Fiscal Year</u>	<u>Annual Payment</u>	<u>Principal</u>	<u>Interest</u>
	2021	3,077	2,948	129
	2022	3,077	2,998	79
	2023	<u>3,077</u>	<u>3,050</u>	<u>27</u>
		9,231	<u>8,996</u>	<u>235</u>
Less Amount Representing Interest		<u>(235)</u>		
Present Value of Future Minimum Payments		<u>8,996</u>		

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 14**      **COLORADO SCHOOL DISTRICT SELF INSURANCE POOL**

The Cooperative belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the Cooperative did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the Cooperative and only the Cooperative's share of contributions to the Pool is recorded as expenditures in the general fund.

The Cooperative's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The Cooperative's share, if calculated, would not be material to the Pool's financial information at June 30, 2020.

An audited summary of the Colorado School District Self-Insurance Pool financial information at June 30, 2019 and for the year then ended (latest information available) follows:

Total Assets	<u>48,583,211</u>
Total Liabilities	<u>26,773,438</u>
Total Equity	<u>21,809,773</u>
Revenue	19,817,153
Underwriting Expenses	<u>26,652,902</u>
Underwriting Gain (Loss)	(6,835,749)
Net Investment Income	865,849
Other Income	-
Net Income (Loss) Before Dividend	<u>(5,969,900)</u>
Dividend	-
Net Income	<u>(5,969,900)</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>156,358</u>
Capital Contributions from Members	-
Unassigned Surplus	<u>21,809,773</u>

**NOTE 15**      **LITIGATION**

None.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISONS**

**PENSION TREND DATA**

**OTHER POST EMPLOYMENT BENEFITS TREND DATA**

## MAJOR GOVERNMENTAL FUNDS

### General Fund

The General Fund accounts for all transactions of the Cooperative not accounted for in other funds. This fund represents an accounting for the Cooperative's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the Cooperative's overall operations.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL  
Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u> <u>Original &amp; Final</u>	<u>Actual</u>	Variance with Final Budget- Favorable (Unfavorable)
<b><u>REVENUES</u></b>			
Local Revenues	996,623	891,055	(105,568)
State Revenues	2,575,854	2,621,601	45,747
Direct Distribution Payment	-	58,728	58,728
Federal Revenues	<u>1,563,420</u>	<u>1,393,737</u>	<u>(169,683)</u>
<b><u>TOTAL REVENUES</u></b>	<b><u>5,135,897</u></b>	<b><u>4,965,121</u></b>	<b><u>(170,776)</u></b>
<b><u>EXPENDITURES</u></b>			
Instruction	<u>2,525,659</u>	<u>2,141,156</u>	<u>384,503</u>
Supporting Services:			
Students	1,161,911	1,098,217	63,694
Instructional Staff	1,144,007	808,361	335,646
School Administration	80,734	133,319	(52,585)
Business Services	358,996	275,444	83,552
Operations & Maintenance	93,500	72,187	21,313
Student Transportation	30,000	10,109	19,891
Central Support	297,787	178,490	119,297
Other Support	250,558	224,328	26,230
Community Services	2,231	104	2,127
Debt Service:			
Principal	-	2,900	(2,900)
Interest	-	177	(177)
<u>Total Support Services</u>	<u>3,419,724</u>	<u>2,803,636</u>	<u>616,088</u>
<u>Appropriated Reserve</u>	<u>378,192</u>	<u>-</u>	<u>378,192</u>
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>6,323,575</u></b>	<b><u>4,944,792</u></b>	<b><u>1,378,783</u></b>
<b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>	<b><u>(1,187,678)</u></b>	<b><u>20,329</u></b>	
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Sale of Fixed Assets	-	9,760	9,760
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>9,760</u>	<u>9,760</u>
<b><u>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</u></b>	<b><u>(1,187,678)</u></b>	<b><u>30,089</u></b>	
<b><u>FUND BALANCES – Beginning</u></b>	<b><u>1,187,678</u></b>	<b><u>1,187,679</u></b>	
<b><u>FUND BALANCES – Ending</u></b>	<b><u>-</u></b>	<b><u>1,217,768</u></b>	

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

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
For The Last 10 Fiscal Years (As Available)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Plan Measurement Date	12-31-19	12-31-18	12-31-17	12-31-16	12-31-15	12-31-14	12-31-13	-	-	-
BOCES proportion of the net pension liability (asset)	0.0409%	0.0460%	0.0536%	0.0557%	0.0578%	0.0583%	0.0640%	-	-	-
BOCES proportionate share of the net pension liability (asset)	\$6,113,191	\$8,149,245	\$17,344,127	\$16,581,096	\$8,846,937	\$7,905,008	\$8,158,167	-	-	-
State's proportionate share of the net pension liability associated with the BOCES**	\$775,380	\$1,114,296	-	-	-	-	-	-	-	-
BOCES covered payroll	\$2,293,510	\$2,507,194	\$2,510,253	\$2,425,018	\$2,656,275	\$2,434,682	\$2,499,725	-	-	-
BOCES proportionate share of the net pension liability (asset) as a percentage of its covered payroll	267%	325%	691%	684%	333%	325%	326%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	64.52%	57.01%	43.96%	43.13%	59.2%	62.80%	64.06%	-	-	-

\*\* A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**SCHEDULE OF COOPERATIVE CONTRIBUTIONS - PENSION**  
**For The Last 10 Fiscal Years (As Available)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 444,482	\$ 479,627	\$ 474,010	\$ 445,809	\$ 471,295	\$ 411,120	\$ 399,388	\$ 397,824	-	-
Contributions in relation to the contractually required contributions	<u>\$ (444,482)</u>	<u>\$ (479,627)</u>	<u>\$ (474,010)</u>	<u>\$ (445,809)</u>	<u>\$ (471,295)</u>	<u>\$ (411,120)</u>	<u>\$ (399,388)</u>	<u>\$ (397,824)</u>	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	-
BOCES covered payroll	\$2,293,510	\$2,507,194	\$2,510,253	\$2,425,018	\$2,656,275	\$2,434,682	\$2,499,725	\$2,637,941	-	-
Contributions as a percentage of covered payroll	19.38%	19.13%	18.88%	18.38%	17.74%	16.89%	15.98%	15.08%	-	-

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

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY**  
**For The Last 10 Fiscal Years (As Available)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
BOCES proportion of the net OPEB liability (asset)	0.0268%	0.0299%	0.03048%	0.03164%	-	-	-	-	-	-
BOCES proportionate share of the net OPEB liability (asset)	\$300,670	\$407,005	\$396,066	\$410,237	-	-	-	-	-	-
BOCES covered payroll	\$2,293,510	\$2,507,194	\$2,510,253	\$2,421,105	-	-	-	-	-	-
BOCES proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	13.11%	16.23%	15.78%	16.94%	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%	16.71%	-	-	-	-	-	-

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

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**SCHEDULE OF COOPERATIVE CONTRIBUTIONS - OPEB**  
**For The Last 10 Fiscal Years (As Available)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 23,394	\$ 25,573	\$ 25,605	\$ 24,695	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (23,394)</u>	<u>\$ (25,573)</u>	<u>\$ (25,605)</u>	<u>\$ (24,695)</u>	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	-
BOCES covered payroll	\$2,293,510	\$2,507,194	\$2,510,253	\$2,421,105	-	-	-	-	-	-
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	-	-	-	-	-	-

**COMBINING SCHEDULES – GENERAL FUND**

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**COMBINING BALANCE SHEET BY PROGRAM – GENERAL FUND**  
**June 30, 2020**

<u>Program</u>	<u>Cash</u>	<u>Investments</u>	<u>Accounts Receivable</u>	<u>Accrued Revenues</u>	<u>Prepaid Expenditures</u>	<u>Total</u>
Administration	1,200,407	2,621	19,109	-	3,011	1,225,148
Kelly Herrsink Memorial	10,415	-	-	-	-	10,415
Special Projects	11,688	-	-	-	-	11,688
Special Education	1,145,874	-	28,438	-	309	1,174,621
Gifted and Talented State	57,273	-	-	-	-	57,273
Gifted and Talented GERC	10,269	-	-	-	-	10,269
Expelled and At Risk	8,240	-	-	-	-	8,240
Read to Achieve	136,586	-	-	-	53	136,639
BOCES Grant	184,102	-	-	-	-	184,102
Gifted Ed Universal Screening	1,588	-	-	-	-	1,588
Retaining Teachers	78,261	-	-	-	-	78,261
Education Stability	41,033	-	-	-	205	41,238
SWAP	(10,506)	-	-	10,545	-	39
Coronavirus Relief	21,563	-	-	-	-	21,563
IDEA Part B	24,722	-	-	89,564	1,602	115,888
IDEA Preschool	6,288	-	-	-	-	6,288
Title III ELL	17,738	-	-	-	-	17,738
Mckinney Vento Federal	(17,776)	-	-	17,447	359	30
CO MTSS	<u>(3,666)</u>	<u>-</u>	<u>-</u>	<u>8,168</u>	<u>-</u>	<u>4,502</u>
<b><u>Totals</u></b>	<b><u>2,924,099</u></b>	<b><u>2,621</u></b>	<b><u>47,547</u></b>	<b><u>125,724</u></b>	<b><u>5,539</u></b>	<b><u>3,105,530</u></b>

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

<u>Accrued Salaries Payable</u>	<u>Accounts Payable</u>	<u>Deferred Revenue</u>	<u>Fund Balance</u>	<u>Total</u>
-	7,380	-	1,217,768	1,225,148
-	-	10,415	-	10,415
-	-	11,688	-	11,688
242,734	2,629	929,258	-	1,174,621
-	6,901	50,372	-	57,273
-	-	10,269	-	10,269
8,061	179	-	-	8,240
-	-	136,639	-	136,639
9,222	-	174,880	-	184,102
-	-	1,588	-	1,588
-	233	78,028	-	78,261
-	-	41,238	-	41,238
-	39	-	-	39
-	3,461	18,102	-	21,563
110,468	5,420	-	-	115,888
5,808	-	480	-	6,288
-	1,200	16,538	-	17,738
-	30	-	-	30
-	<u>4,502</u>	-	-	<u>4,502</u>
<u>376,293</u>	<u>31,974</u>	<u>1,479,495</u>	<u>1,217,768</u>	<u>3,105,530</u>

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

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
 AND CHANGES IN FUND BALANCES – BY PROGRAM  
 Fiscal Year Ended June 30, 2020**

<u>Program</u>	<u>REVENUES</u>			
	<u>Local</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>
Administration	345,366	58,728	-	404,094
Kelly Herrsink Memorial	-	-	-	-
Special Projects	72,140	-	-	72,140
Special Education	473,549	1,537,709	-	2,011,258
Gifted and Talented State	-	86,222	-	86,222
Gifted and Talented GERC	-	41,052	-	41,052
Expelled and At Risk	-	113,183	-	113,183
Read to Achieve	-	19,009	-	19,009
School Counselor	-	9,231	-	9,231
BOCES Grant	-	144,685	-	144,685
Gifted Ed Universal Screening	-	19,634	-	19,634
Retaining Teachers	-	323,367	-	323,367
Education Stability	-	102,443	-	102,443
Ninth Grade Grant Writing	-	738	-	738
SWAP	-	224,328	-	224,328
Coronavirus Relief	-	-	6,898	6,898
IDEA Part B	-	-	1,256,195	1,256,195
IDEA Preschool	-	-	38,376	38,376
Title III ELL	-	-	12,533	12,533
Federal Part C	-	-	2,031	2,031
Mckinney Vento Federal	-	-	50,891	50,891
CO MTSS	-	-	26,813	26,813
<b><u>Totals</u></b>	<b><u>891,055</u></b>	<b><u>2,680,329</u></b>	<b><u>1,393,737</u></b>	<b><u>4,965,121</u></b>

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

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCES – BY PROGRAM  
Fiscal Year Ended June 30, 2020**

<u>Program</u>	<u>EXPENDITURES</u>					
	<u>Instruction</u>	<u>Student</u>	<u>Instructional Staff</u>	<u>School Admin.</u>	<u>Business Services</u>	<u>Operation &amp; Maintenance</u>
Administration	-	-	7,624	56,603	116,245	72,187
Kelly Herrsink Memorial	-	-	-	-	-	-
Special Projects	-	68,689	3,347	-	-	-
Special Education	1,296,992	664,153	50,113	-	-	-
Gifted and Talented State	53,309	15,657	17,256	-	-	-
Gifted and Talented GERC	-	3,645	35,502	-	1,905	-
Expelled and At Risk	-	59,311	38,536	-	-	-
Read to Achieve	-	-	-	-	-	-
School Counselor	-	-	-	-	-	-
BOCES Grant	-	1,734	128,646	-	14,305	-
Gifted Ed Universal Screening	-	-	19,634	-	-	-
Retaining Teachers	-	-	323,367	-	-	-
Education Stability	-	67,608	414	-	9,665	-
Ninth Grade Grant Writing	-	-	-	-	-	-
SWAP	-	-	-	-	-	-
Coronavirus Relief	-	-	6,557	-	341	-
IDEA Part B	750,624	170,141	146,404	76,716	120,810	-
IDEA Preschool	34,730	-	-	-	3,646	-
Title III ELL	1,200	3,722	6,420	-	1,191	-
Federal Part C	-	1,838	-	-	193	-
Mckinney Vento Federal	4,301	41,719	-	-	4,871	-
CO MTSS	-	-	24,541	-	2,272	-
<b>Total</b>	<b><u>2,141,156</u></b>	<b><u>1,098,217</u></b>	<b><u>808,361</u></b>	<b><u>133,319</u></b>	<b><u>275,444</u></b>	<b><u>72,187</u></b>

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

<u>EXPENDITURES</u>						<u>Property Sale Proceeds</u>	<u>Revenues Over (Under) Expenditures</u>	<u>Fund Balance Beginning</u>	<u>Fund Balance Ending</u>
<u>Trans- portation</u>	<u>Central Support</u>	<u>Other Support</u>	<u>Community Services</u>	<u>Debt Service</u>	<u>Total</u>				
-	119,529	-	-	3,077	375,265	1,260	30,089	1,187,679	1,217,768
-	-	-	-	-	-	-	-	-	-
-	-	-	104	-	72,140	-	-	-	-
-	-	-	-	-	2,011,258	-	-	-	-
-	-	-	-	-	86,222	-	-	-	-
-	-	-	-	-	41,052	-	-	-	-
-	15,336	-	-	-	113,183	-	-	-	-
-	19,009	-	-	-	19,009	-	-	-	-
-	9,231	-	-	-	9,231	-	-	-	-
-	-	-	-	-	144,685	-	-	-	-
-	-	-	-	-	19,634	-	-	-	-
-	-	-	-	-	323,367	-	-	-	-
10,109	14,647	-	-	-	102,443	-	-	-	-
-	738	-	-	-	738	-	-	-	-
-	-	224,328	-	-	224,328	-	-	-	-
-	-	-	-	-	6,898	-	-	-	-
-	-	-	-	-	1,264,695	8,500	-	-	-
-	-	-	-	-	38,376	-	-	-	-
-	-	-	-	-	12,533	-	-	-	-
-	-	-	-	-	2,031	-	-	-	-
-	-	-	-	-	50,891	-	-	-	-
-	-	-	-	-	26,813	-	-	-	-
<u>10,109</u>	<u>178,490</u>	<u>224,328</u>	<u>104</u>	<u>3,077</u>	<u>4,944,792</u>	<u>9,760</u>	<u>30,089</u>	<u>1,187,679</u>	<u>1,217,768</u>

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

**STATE REQUIRED SCHEDULES**

**Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)**

**Bolded Balance Sheet**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 9055 - San Luis Valley BOCES  
 Fiscal Year 2019-20  
 Colorado School District/BOCES

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
<b>Governmental</b>				
10 General Fund	1,187,679	4,974,581	4,944,792	1,217,768
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>1,187,679</b>	<b>4,974,581</b>	<b>4,944,792</b>	<b>1,217,768</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 Social 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: 9055 - San Luis Valley 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 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)	2,926,719	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,926,719
Intergovernmental Accounts Rec (8141)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	125,724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	125,724
Other Receivables (8151-8154,8161)	47,547	0	0	0	0	0	0	0	0	0	0	0	0	0	0	47,547
Prepaid Expenses 8181,8182)	5,538	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,538
<b>Total Assets</b>	<b>3,105,529</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>3,105,529</b>



Governmental

Proprietary

Fiduciary

FUND EQUITY

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	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	5,539	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,539
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	1,212,228	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,212,228
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>1,217,768</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>1,217,768</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
Total Liabilities & Fund Equity	3,105,529	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,105,529

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

Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
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**SINGLE AUDIT SECTION**

164 E. MAIN  
TRINIDAD, COLORADO 81082  
(719) 846-9241 FAX (719) 846-3352

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Board of Directors  
San Luis Valley Board of Cooperative Educational Services  
Alamosa, Colorado 81101**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of San Luis Valley Board of Cooperative Educational Services as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise San Luis Valley Board of Cooperative Educational Services' basic financial statements, and have issued our report thereon dated November 30, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered San Luis Valley Board of Cooperative Educational Services' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the San Luis Valley Board of Cooperative Educational Services' internal control. Accordingly, we do not express an opinion on the effectiveness of the San Luis Valley Board of Cooperative Educational Services' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Luis Valley Board of Cooperative Educational Services' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dixon, Walker & Co., Inc.

November 30, 2020

164 E. MAIN  
TRINIDAD, COLORADO 81082  
(719) 846-9241 FAX (719) 846-3352

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

**Board of Directors  
San Luis Valley Board of Cooperative Educational Services  
Alamosa, Colorado 81101**

**Report on Compliance for Each Major Federal Program**

We have audited San Luis Valley Board of Cooperative Educational Services' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of San Luis Valley Board of Cooperative Educational Services' major federal programs for the year ended June 30, 2020. San Luis Valley Board of Cooperative Educational Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of San Luis Valley Board of Cooperative Educational Services' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about San Luis Valley Board of Cooperative Educational Services' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of San Luis Valley Board of Cooperative Educational Services' compliance.

## Opinion on Each Major Federal Program

In our opinion, San Luis Valley Board of Cooperative Educational Services complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

Management of San Luis Valley Board of Cooperative Educational Services is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered San Luis Valley Board of Cooperative Educational Services' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of San Luis Valley Board of Cooperative Educational Services' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Dixon, Walker & Co., Inc.*

November 30, 2020

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2020**

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**SUMMARY OF AUDITOR'S RESULTS:**

**Report**

An unmodified report has been issued on the financial statements of San Luis Valley Board of Cooperative Educational Services.

**Internal Control – Financial Statements**

No conditions were disclosed by the audit that are considered to be a material weakness. No significant deficiencies not considered a material weakness were identified.

**Noncompliance – Financial Statements**

No instances of noncompliance in amounts material to the financial statements of San Luis Valley Board of Cooperative Educational Services were disclosed by the audit.

**Internal Control – Federal Awards**

No conditions were disclosed in the audit that are considered to be a material weaknesses. No significant deficiencies not considered a material weakness were identified.

**Report on Compliance - Major Programs**

An unmodified report has been issued on San Luis Valley Board of Cooperative Educational Services compliance for major programs.

**Audit Findings**

Audit findings requiring disclosure in accordance with 2CFR Section 200.516(a) were not disclosed by the audit.

**Major Programs**

IDEA Part B	CFDA#	84.027
IDEA Preschool	CFDA#	84.173

**Dollar Threshold to Distinguish Type A and Type B Programs**

\$750,000.

**Qualification as low-risk auditee**

The Cooperative did qualify as a low-risk auditee for fiscal year 2019/2020.

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2020**

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(Continued)

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2020**

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**PRIOR AUDIT - FEDERAL AWARDS**

None

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2020

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor and Number</u>	<u>Federal Expenditures</u>
<b>Special Education Cluster (IDEA)-Cluster</b>			
<b>Department of Education</b>			
<b>Special Education-Grants to States</b>			
Special Education-Grants to States	84.027	CDE-4027	<u>1,256,195</u>
<b>Total Special Education – Grants to States</b>			<u>1,256,195</u>
<b>Special Education-Preschool Grants</b>			
Special Education-Preschool Grants	84.173	CDE-4173	<u>38,376</u>
<b>Total Special Education-Preschool Grants</b>			<u>38,376</u>
<b>Total Department of Education</b>			<u>1,294,571</u>
<b><u>Total Special Education Cluster (IDEA)-Cluster</u></b>			<u>1,294,571</u>
<b><u>Other Programs</u></b>			
<b>Department of Education</b>			
<b>Special Education-Grants for Infants and Families</b>			
Special Education-Grants for Infant and Families	84.181	CDE-4181	<u>2,031</u>
<b>Total Special Education-Grants for Infants and Families</b>			<u>2,031</u>
<b>Education for Homeless Children and Youth</b>			
Education for Homeless Children and Youth	84.196	CDE-4196	<u>50,891</u>
<b>Total Education for Homeless Children and Youth</b>			<u>50,891</u>
<b>Special Education-State Personnel Development</b>			
Special Education-State Personnel Development	84.323	CDE-4323	<u>26,813</u>
<b>Total Special Education-State Personnel Development</b>			<u>26,813</u>
<b>English Language Acquisition State Grants</b>			
English Language Acquisition State Grants	84.365	CDE-4365	<u>12,533</u>
<b>Total English Language Acquisition State Grants</b>			<u>12,533</u>
<b><u>Total Department of Education</u></b>			<u>92,268</u>
<b>Department of the Treasury</b>			
<b>Coronavirus Relief Fund</b>			
Coronavirus Relief Fund	84.012	CDE-4012	<u>6,898</u>
<b>Total Coronavirus Relief Fund</b>			<u>6,898</u>
<b><u>Total Department of the Treasury</u></b>			<u>6,898</u>
<b><u>Total Other Programs</u></b>			<u>99,166</u>
<b><u>TOTAL EXPENDITURES OF FEDERAL AWARDS</u></b>			<u>1,393,737</u>

The accompanying notes are an integral part of this schedule.

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2020**

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**NOTE 1**    **Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the San Luis Valley Board of Cooperative Educational Services and is presented on the modified accrual basis of accounting. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

**NOTE 2**    **INDIRECT COST RATES**

All grants being charged indirect cost have been received from the Colorado Department of Education. The Department calculates an allowable indirect cost rate for individual sub-recipients and mandates that the rate be used as the maximum for the recovery of indirect cost. The BOCES has recovered indirect cost from grant funds at an amount no greater than that allowed by the Colorado Department of Education and has not elected to use the 10% de minimis indirect cost rate allowed by Uniform Guidance.

**NOTE 3**    **SUBRECIPIENT PAYMENTS**

No amounts of federal financial assistance were passed through to subrecipients in the year ended June 30, 2020.