

**MOUNTAIN BOARD OF COOPERATIVE
EDUCATIONAL SERVICES
BUENA VISTA, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2021**

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES BUENA VISTA, COLORADO

ROSTER OF OFFICIALS June 30, 2021

BOARD MEMBERS

Felicia Federico – Member – Lake County School District R-1
Larry Foster – Secretary/Treasury – Park County School District Re-2
Brett Mitchell – President– Buena Vista School District R-31
Jeannie Peters – Vice-President – Salida School District R-32J
Ben Cairns – Member – Colorado Mountain College

SUPERINTENDENTS

Lisa Yates – Buena Vista School District R-31
Bethany Massey – Lake County School District R-1
Cindy Bear – Park County School District Re-2
David Blackburn – Salida School District R-32J
Ben Cairns – Colorado Mountain College

ADMINISTRATIVE

Wendy Wyman Phd, Executive Director and Professional Learning Director
Joy Yudnich, Business Manager
Susan Udenberg M.S. Ed.L, Director of Special Education

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FINANCIAL SECTION

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

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June 30, 2021

The discussion and analysis of Mountain Board of Cooperative Educational Services (Mountain “BOCES”) financial performance provides an overall review of Mountain BOCES’ financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at Mountain BOCES’ financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, and budgetary comparison schedules to broaden their understanding of Mountain BOCES’ financial performance.

Financial Highlights

Mountain BOCES total net position increased by \$1,651,456 compared to the prior year. The end of fiscal year 2021’s total net position was \$(1,098,787), compared to \$(2,750,243)) at the end of fiscal year 2020.

Mountain BOCES ended with a fund balance in the General Fund of \$1,142,654 which is an increase of \$125,905 compared to the prior fiscal year.

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

Indirect costs were charged to Federal and State grants and other self-supporting programs. Member districts were assessed \$500,906 for Mountain BOCES’ general operations and for services provided in consortia programs.

Using the Basic Financial Statements

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

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

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

Financial Analysis of the BOCES as a Whole

At the end of the current fiscal year the liabilities of Mountain BOCES exceeded its assets which resulted in a negative net position of (\$1,098,787), compared to (\$2,750,243) at the end of fiscal year 2019, increasing the net position by \$1,651,456.

Government-Wide Financial Statements

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

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

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

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

Condensed summary of Mountain BOCES' Net Position is as follows:

	<u>2021</u>	<u>2020</u>
Assets:		
Current Assets	\$ 1,476,623	\$ 1,365,456
Capital Assets – Net	33,734	55,695
Deferred Outflows of Resources	<u>544,200</u>	<u>588,710</u>
Capital Assets & Deferred Outflows of Financial Resources	<u>2,054,557</u>	<u>2,009,861</u>
Liabilities:		
Current Liabilities	69,962	73,824
Non-current Liabilities	1,330,724	1,211,529
Deferred Inflows of Resources	<u>1,686,658</u>	<u>3,474,751</u>
Total Liabilities & Deferred Inflows of Financial Resources	<u>3,087,344</u>	<u>4,760,104</u>
Net Position:		
Net Invested in Capital Assets	30,279	51,945
Restricted Net Position	-	300,000
Unrestricted Net Position	<u>(1,063,066)</u>	<u>(3,102,188)</u>
Total Net Position (Deficit)	<u>(1,032,787)</u>	<u>(2,750,243)</u>
Total Liabilities, Deferred Outflows and Net Position	<u><u>\$ 2,054,557</u></u>	<u><u>\$ 2,009,861</u></u>

Current assets increased by \$111,167 and with a decrease in capital assets net of accumulated depreciation and a decrease in deferred outflows of financial resources, the increase in total assets and deferred outflows from the prior year is \$44,696.

Total liabilities increased \$115,333. The majority of increase in liabilities is due to the pension and OPEB liability. The large decrease in deferred inflows of resources primarily relates to the amortization of the change in proportionate share of pension and OPEB liabilities from prior years.

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

Program Revenues:	2021	2020
Charges for Services	\$ 676,549	\$ 498,953
Operating Grants	1,962,244	1,733,741
Total Program Revenues	2,638,793	2,232,694
General Revenues:		
Investment Earnings	247	9,285
Gain (Loss) on Capital Asset Disposals	340,005	3,000
Loss on Disposal of Operations	(228,042)	-
Miscellaneous Revenues	64,399	236,042
Total General Revenues	176,609	248,327
Total Revenues	2,815,402	2,481,021
Expenses:		
Instruction	519,652	1,070,513
Supporting Services	578,294	584,087
Total Expenses	1,097,946	1,654,600
Change in Net Position	1,717,456	826,421
Net Position - Beginning	(2,750,243)	(3,576,664)
Net Position Ending	\$ (1,032,787)	\$ (2,750,243)

A year-to-year increase in total revenues of \$562,423, is primarily attributed to a gain recognized of \$340,005 on the sale of the primary administrative facility in Leadville. However, charges for services and grant revenue were also up from the prior year. Expenses were down significantly from the prior year primarily related to pension and OPEB adjustments. Other non-program related expenses included a final payment of \$228,042 made to Colorado River BOCES as part of an intergovernmental agreement.

Reporting Mountain BOCES' Most Significant Fund

The analysis of Mountain BOCES' major fund begins on page 4. Fund financial reports provide detailed information about Mountain BOCES' major fund. Mountain BOCES' had one operating fund for the 2020 fiscal year, the General Fund.

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

Fund Financial Statements

As of June 30, 2021, Mountain BOCES' governmental funds reported a fund balance of \$1,208,654 that is an increase of \$191,905 from the June 30, 2020 fund balance.

The governmental fund has unassigned fund equity of \$1,119,910 which may be used to meet Mountain BOCES ongoing obligations. The unassigned fund equity increased \$541,281 from the previous year. The assigned fund equity of \$86,744 is designated to specific programs and capital expenses.

Capital Assets

As of June 30, 2021, Mountain BOCES had a net \$33,734 invested in furniture and equipment. A summary of Mountain BOCES' capital assets is as follows:

	<u>Balance</u> <u>7/1/2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2021</u>
Depreciable assets				
Buildings and site improvements	\$ 111,401	\$ -	\$ (111,401)	\$ -
Transportation equipment	121,865	-	-	121,865
Other equipment	98,299	-	-	98,299
Total assets	<u>331,565</u>	<u>-</u>	<u>(111,401)</u>	<u>220,164</u>
Accumulated depreciation				
Buildings and site improvements	(100,383)	(1,488)	101,871	-
Transportation equipment	(94,422)	(5,164)	-	(99,586)
Other equipment	(81,066)	(5,778)	-	(86,844)
Total accumulated	<u>(275,871)</u>	<u>(12,430)</u>	<u>101,871</u>	<u>(186,430)</u>
Net Capital assets	<u>55,694</u>	<u>(12,430)</u>	<u>(9,530)</u>	<u>33,734</u>
Instruction		\$ 4,972		
Supporting services		<u>7,458</u>		
Total depreciation		<u>\$ 12,430</u>		

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

As noted above, the main administrative building located in Leadville was sold during 2020 and Mountain BOCES now operates out of a leased facility located in Buena Vista Colorado.

Debt Administration

As of June 30, 2021 Mountain BOCES had one outstanding debit of \$3,750 associated with a Copier lease that is set to pay off within one year.

General Fund Budget

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

General Fund revenues were approximately \$300,000 lower than revised budget primarily related to the use of prior year fund balances. Expenditures were approximately \$60,000 under the revised budget.

The State of Mountain BOCES

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

Requests for Information

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



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mountain Board of Cooperative Educational Services
Buena Vista, Colorado

We have audited the accompanying financial statements of the governmental activities and the major fund of the Mountain Board of Cooperative Educational Services (the BOCES), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the BOCES' 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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 the major fund of the Mountain Board of Cooperative Educational Services, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

Mountain Board of Cooperative Educational Services' June 30, 2020 financial statements were audited by another firm, and that firm expressed an unmodified audit opinion on those audited financial statements in their report dated January 7, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages M1 through M6, the budgetary comparison information on pages 43 through 45, the schedule of the BOCES' proportionate share of the net pension liability on page 46, the schedule of the BOCES' contributions – PERA Pension Plan on page 47, the schedule of BOCES' proportionate share of the net OPEB liability on page 48 and the schedule of BOCES' contributions – OPEB Health Care Trust Fund on page 49 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 BOCES' basic financial statements. The auditors integrity report and bolded balance sheet report on pages 50-53 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The auditors integrity report and bolded balance sheet report 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 auditors integrity report and bolded balance sheet report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McPherson, Cookitt, Paducci & Mahalik, PC

December 8, 2021

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the BOCES' operations. These financial statements present the financial position and operating results of all government-wide and fund level activity as of June 30, 2021.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF NET POSITION
June 30, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Governmental Activities
Assets	
Current Assets	
Cash and Investments	\$ 1,450,000
Accounts Receivable	24,123
Deposits	2,500
Capital and Other Assets	
Capital Assets Being Depreciated, net	33,734
Total Assets	1,510,357
Deferred Outflows of Resources	
Net Pension Deferred Outflows	523,666
Net OPEB Deferred Outflows	20,534
Total Deferred Outflows of Resources	544,200
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	63,291
Accrued Salaries & Benefits	6,671
Noncurrent Liabilities	
Due Within One Year	3,455
Due In More Than One Year	1,327,269
Total Liabilities	1,400,686
Deferred Inflows of Resources	
Unavailable Grant Revenue	198,007
Net Pension Deferred Inflows	1,401,245
Net OPEB Deferred Inflows	87,406
Total Deferred Inflows of Financial Resources	1,686,658
Net Position	
Net Investment in Capital Assets	30,279
Restricted Net Position	
Unrestricted Net Position	(1,063,066)
Total Net Position	\$ (1,032,787)

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Grants and</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Contributions</u>	<u>Change in Net</u>
				<u>Position</u>
Governmental Activities				Governmental
				Activities
Instruction	\$ 519,652	\$ -	\$ 1,910,538	\$ 1,390,886
Supporting Services	578,294	676,549	51,706	149,961
Total Primary Government	<u>1,097,946</u>	<u>676,549</u>	<u>1,962,244</u>	<u>1,540,847</u>
General Revenues				
				247
				340,005
				(228,042)
				64,399
				<u>176,609</u>
				Change in Net Position
				1,717,456
				<u>(2,750,243)</u>
				<u><u>(1,032,787)</u></u>

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

**MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
BALANCE SHEET
GOVERNMENTAL FUNDS
GENERAL FUND**

	2021	2020
ASSETS		
Cash and Investments	\$ 1,450,000	\$ 1,062,955
Restricted Cash and Investments	-	300,000
Grants Receivable	14,123	-
Other Accounts Receivable	10,000	-
Prepaid Expenses	-	1
Deposits	2,500	2,500
TOTAL ASSETS	\$ 1,476,623	\$ 1,365,456
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 63,291	\$ 70,134
Accrued Salaries & Benefits	6,671	3,690
Total Liabilities	69,962	73,824
Deferred Inflows of Resources	198,007	274,883
Fund Balance		
Restricted Escrow	-	300,000
Assigned Fund Balance	88,744	138,120
Unassigned Fund Balance	1,119,910	578,629
Total Fund Balance	1,208,654	1,016,749
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,476,623	\$ 1,365,456

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Reconciliation of Governmental Fund Balances to Governmental Activities Net Position
June 30, 2021

Fund Balance - Governmental Funds		\$	1,208,654
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, being depreciated	\$	220,164	
Accumulated depreciation		<u>(186,430)</u>	\$ 33,734
Certain long-term pension and OPEB related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds			
Pension Liability			
Net pension deferred outflows	523,666		
Net pension liability	(1,280,471)		
Net pension deferred inflows	<u>(1,401,245)</u>		(2,158,050)
OPEB Liability			
Net OPEB deferred outflows	20,534		
Net OPEB liability	(46,503)		
Net OPEB deferred inflows	<u>(87,406)</u>		(113,375)
Long-term liabilities are not due and payable in the current year and, therefore are not reported in the funds.			
Capital leases payable			<u>(3,750)</u>
Total Net Position- Governmental Activities		\$	<u><u>(1,032,787)</u></u>

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds
General Fund
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
REVENUES		
Local Sources	\$ 770,401	\$ 747,279
State Sources	1,217,826	1,078,011
Federal Sources	744,418	655,731
TOTAL REVENUES	<u>2,732,645</u>	<u>2,481,021</u>
EXPENDITURES		
Current:		
Instruction	1,161,576	1,082,372
Pupil Support	621,158	640,109
Staff Support	391,474	214,856
General Administration	110,398	78,451
Business Services	138,858	98,291
Operations and Maintenance	15,344	5,176
Transportation	1,568	65,435
Other Central Support	85,026	136,423
Risk Management	127,891	118,849
Other Supporting Services	5,377	6,823
Debt Service	3,564	3,564
TOTAL EXPENDITURES	<u>2,662,234</u>	<u>2,450,349</u>
Excess of Revenues over Expenditures	<u>70,411</u>	<u>30,672</u>
SPECIAL ITEMS		
Proceeds from Sale of Office Building	349,536	-
Loss on Disposal of Operations	(228,042)	-
TOTAL SPECIAL ITEMS	<u>121,494</u>	<u>-</u>
CHANGE IN FUND BALANCE	191,905	30,672
BEGINNING FUND BALANCE	<u>1,016,749</u>	<u>986,077</u>
ENDING FUND BALANCE	<u>\$ 1,208,654</u>	<u>\$ 1,016,749</u>

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2021

Change in Fund Balance - Governmental Funds	\$	191,905
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Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level

Capitalized Asset Purchases	\$	-	
Depreciation Expense		(12,430)	(12,430)

In the statement of activities, the loss on the disposition of fixed assets is reported. The loss is not a use of current financial resources and thus is not reported in the funds. The loss on disposal of capital assets is calculated as follows:

Cost of assets disposed		(111,401)	
Accumulated deprecation of assets disposed		101,870	(9,531)

Pension and OPEB expense at the fund level represent cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.

Pension Liability

Current year change and amortization of deferred outflows - net		(37,509)	
Change in net pension liability		(132,468)	
Current year change and amortization of deferred inflows - net		1,692,785	1,522,808

OPEB Liability

Current year change and amortization of deferred outflows - net		(7,001)	
Change in OPEB liability		9,986	
Current year change and amortization of deferred inflows - net		18,432	21,417

Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level.

Principal payments on capital leases		3,287

Total Change in Net Position - Governmental Activities	\$	1,717,456

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

In defining the reporting entity for financial reporting purposes, management has considered the inclusion of potential component units in the BOCES' reporting entity by applying criteria outlined by generally accepted accounting principles. As such, inclusion or exclusion of a potential component unit is determined by selection of governing authority, ability to significantly influence operations, potential for providing specific financial benefits or impose specific financial burdens, fiscal dependency, and whether exclusion of a potential component unit would be misleading. Based on the above, the BOCES' reporting entity does not include any component units as defined by generally accepted accounting principles.

B. Basis of Presentation

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The BOCES reports the following major governmental fund:

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

C. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The BOCES considers all revenues reported in the governmental funds to be available if they can be used to satisfy current obligations as of year-end. For this purpose, the BOCES considers revenue to be available if collected within 60 days of the fiscal year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

D. Stewardship, Compliance and Accountability - Budgets and Budgetary Accounting

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

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

- Budgets are required by state law for all funds. By May 31, the Executive Director submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

- Public hearings are conducted by the Board to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board.
- Budgeted amounts reported in the accompanying financial statements are as adopted or amended by the Board.

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

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

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

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

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

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Unearned Revenues - Unearned revenues include exchange transactions for which payment has been received but not yet earned as service has not been provided.

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

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The BOCES reports deferred inflows for pension and OPEB related deferrals as further described in Note 6 and Note 8. Other reported deferred inflows relate to non-exchange grants where funds have been received, however, the underlying eligibility requirements have not yet been met and in cases where amounts due are not considered available to meet current obligations.

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

All remaining fund balance amounts are shown as unassigned.

F. Net Position/Fund Balance Flow Assumptions

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

G. Revenues and Expenditures

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

H. Comparative Data

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The BOCES' deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2021, all of the BOCES' deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	<u>June 30, 2021</u>	
	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized (Not in BOCES name)	234,055	179,252
Total Deposits	\$ 484,055	\$ 429,252

Investments

Credit Risk

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

- Guaranteed investment contracts

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

During the year ended June 30, 2021, the BOCES invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAM by the Standard and Poor's Corporation. As the investment is completely liquid, there is no weighted average maturity.

Concentration of Credit Risk

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

Interest Rate Risk

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

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the BOCES will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2021, the BOCES did not have any investments requiring safekeeping.

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

Bank Deposits	\$	429,252
Local Govt. Investment Pools		1,020,748
Total Cash and Investments	\$	1,450,000

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: CAPITAL ASSETS

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

	<u>Balance</u> <u>7/1/2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2021</u>
Depreciable assets				
Buildings and site	\$ 111,401	\$ -	\$ (111,401)	\$ -
Transportation equipment	121,865	-	-	121,865
Other equipment	98,299	-	-	98,299
Total assets	<u>331,565</u>	<u>-</u>	<u>(111,401)</u>	<u>220,164</u>
Accumulated depreciation				
Buildings and site	(100,383)	(1,488)	101,871	-
Transportation equipment	(94,422)	(5,164)	-	(99,586)
Other equipment	(81,066)	(5,778)	-	(86,844)
Total accumulated	<u>(275,871)</u>	<u>(12,430)</u>	<u>101,871</u>	<u>(186,430)</u>
Net Capital assets	<u>55,694</u>	<u>(12,430)</u>	<u>(9,530)</u>	<u>33,734</u>
Instruction		\$ 4,972		
Supporting services		<u>7,458</u>		
Total depreciation		<u>\$ 12,430</u>		

NOTE 4: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2021, are \$6,671. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

NOTE 5: LONG-TERM OBLIGATIONS

The BOCES long-term debt transactions for the year ended June 30, 2021, were as follows

	<u>Balance</u> <u>6/30/2020</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/2021</u>	<u>Current</u> <u>Portion</u>	<u>Interest</u> <u>Expense</u>
Net OPEB Liability	\$ 56,489	\$ -	\$ (9,986)	\$ 46,503	\$ -	\$ -
PERA Net Pension Liability	1,148,003	132,468	-	1,280,471	-	-
Capital Leases Payable	7,037	-	(3,287)	3,750	3,455	277
Total Long-term Liabilities	<u>\$ 1,211,529</u>	<u>\$ 132,468</u>	<u>\$ (13,273)</u>	<u>\$ 1,330,724</u>	<u>\$ 3,455</u>	<u>\$ 277</u>

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 5: LONG-TERM OBLIGATIONS (Continued)

Capital Leases

In 2018, the BOCES entered into a capital lease arrangement for the purchase of a copier. The lease was for \$15,738 and requires 5 annual payments of \$3,564 through 2023 at 4.24%. The BOCES has capitalized assets with a remaining value of \$7,869 related to this lease. Payments are expected to be made by the General Fund.

Future minimum lease payments on the lease are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 3,564
2023	297
Total Payments	3,861
Less Interest at 4.24%	(111)
Present Value of Payments	\$ 3,750

NOTE 6: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees’ Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

General Information about the Pension Plan

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

Benefits provided as of December 31, 2020. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

As of December 31, 2020, 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, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible 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. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average of the 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 SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified C.R.S. § 24-51-413.

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Contributions provisions as of June 30, 2021: Eligible employees the BOCES and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

	July 1, 2020 Through June 30, 2021
Employer contribution rate	10.90%
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	9.88%
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	19.88%

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 (actual dollars) 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 payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State’s 2020-21 fiscal year.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the BOCES were \$88,920 for the year ended June 30, 2021.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The BOCES proportion of the net pension liability was based on the BOCES' contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contribution to the SCHDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021, the BOCES reported a liability of \$1,280,471 for its proportionate share of the net pension liability. The amount recognized by the BOCES as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the BOCES were as follows:

Districts proportionate share of the net pension liability	\$ 1,280,471
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	-
Total	\$ 1,280,471

At December 31, 2020, the BOCES proportion was 0.008470 percent, which was an increase of 0.00079 from its proportion measured as of December 31, 2019.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of

For the year ended June 30, 2020, the BOCES recognized pension expense of \$664,980 and revenue of \$129,220 for support from the State as a nonemployer contributing entity. At June 30, 2020, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 74,356	\$ -
Changes of assumptions or other inputs	\$ 114,279	\$ (480,408)
Net difference between projected and actual earnings on pension plan investments	\$ 114,446	\$ (441,052)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 215,219	\$ (2,172,570)
Contributions subsequent to the measurement date	\$ 42,875	\$ -
Total	\$ 561,175	\$ (3,094,030)

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

\$42,875 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Fiscal Year Totals
2021	\$ (1,479,700)
2022	(1,068,675)
2023	18,905
2024	(46,260)
Total	\$ (2,575,730)

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

Post-retirement non-disabled mortality assumptions 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.

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

The actuarial assumptions used in the December 31, 2019, 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.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2018, to December 31, 2020.

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increase, including wage inflation	3.40-11.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post retirement benefit increases:	
PERA benefit structure hired prior 1/1/07 and DPS benefit structure (automatic)	1.25%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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 the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

Several factors were considered in evaluating the long-term rate of return assumption, 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.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board’s November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop .50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State of Colorado, as a non-employer contributing entity, provides an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-2021 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF'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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 1,746,667	\$ 1,280,471	\$ 891,976

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

NOTE 7: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The BOCES does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2021 program members contributed \$3,040.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

Eligibility to enroll in PERACare is voluntary and includes, among others, benefit recipients and their eligible dependents, as well as certain surviving spouses, divorced spouses and guardians. 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 (actual dollars) 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 (actual dollars) 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 maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 (actual dollars) 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 (actual dollars) 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 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 (actual dollars) per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the BOCES were \$4,616 for the year ended June 30, 2021.

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

At June 30, 2021, the BOCES reported a liability of \$46,503 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The BOCES' proportion of the net OPEB liability was based on the BOCES' contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the BOCES' proportion was 0.00489 percent, which was an increase of 0.00014 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the BOCES recognized an OPEB expense of (\$18,724). At June 30, 2021, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 124	\$ (10,224)
Net difference between projected and actual earnings on pension plan investments	590	(2,490)
Changes of assumptions or other inputs	347	(2,852)
Changes in proportion and differences between contributions recognized and proportionate share of contributions- Plan Basis	16,780	(71,840)
Contributions subsequent to the measurement date	2,693	-
Total	\$ 20,534	\$ (87,406)

\$2,693 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Fiscal Year Totals
2022	\$ (20,022)
2023	(19,756)
2024	(23,514)
2025	(4,744)
2026	(1,425)
2027	(104)
Total	\$ (69,565)

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care costs trend rates	
PERA Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% for 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% for 2020, gradually rising to 4.50% in 2029
DPS Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

	Initial Costs for Members without Medicare Part A		
Medicare Plan	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$ 588	\$ 227	\$ 550
Kaiser Permanente Medicare Advantage HMO	621	232	589

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators. 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, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
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 used in the December 31, 2019, valuation for the State Division, School Division, Local Government Division, and Judicial Division Trust Funds as shown below are applied, as applicable, in the December 31, 2019 valuation for the HCTF. Affiliated employers of these Division Trust Funds 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 used in the December 31, 2019, valuation were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions used in the December 31, 2019, valuation 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.

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increase, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care costs trend rates	
PERA Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% for 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% for 2020, gradually rising to 4.50% in 2029
DPS Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Mortality assumptions used in the roll forward calculations for the Sate Division, School Division, Local Government Division, and Judicial Division Trust Funds as shown below were applied in the roll forward calculation for the HCTF.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94 percent for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent for ages 80 and older, with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

- OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued) 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 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

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 the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are 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.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and vest estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)
OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Asset Class	Target Allocation	30 Year Expected Geometric Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Trend Rate	1% Increase
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate share fo the net OPEB asset (liability)	\$ (45,302)	\$ (46,503)	\$ (47,903)

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

**NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)
OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The basis for the projection of liabilities and the fiduciary net position used to determine the discount rate was an actuarial valuation performed as of December 31, 2019, and the financial status of the HCTF as of the prior measurement date (December 31, 2019). 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, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- 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.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- 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 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (53,271)	\$ (46,503)	\$ (40,722)

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.

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

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

NOTE 10: FUND BALANCE ASSIGNMENTS

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

Alt. Licensure Assigned Fund Balance	\$	86,744
Total Assigned Fund Balance	\$	86,744

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: DEFICIT NET POSITION

The Governmental Activities has an overall deficit net position of \$(1,098,787) and an unrestricted net position deficit of \$(1,129,066), primarily due to the PERA net pension liability of \$(1,280,471) and related net deferrals of \$(877,579) and OPEB net liability of \$(46,503) and related net deferrals of \$(66,872), as further described in Note 6. As the BOCES has no control over pension benefits or contribution rates, the BOCES expects this deficit net position to continue for the foreseeable future.

NOTE 12: TRANSFER OF OPERATIONS TO COLORADO RIVER BOCES

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

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

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

The Intergovernmental Agreement required that Mountain BOCES establish a \$300,000 Contingency Escrow account to cover any unforeseen liabilities of Mountain BOCES arising prior to July 1, 2017. Any remaining amounts in this account as of July 1, 2020 were to be allocated between the two BOCES pursuant to the agreement. Mountain BOCES made a final payment of \$228,034 to Colorado River BOCES in 2021 to satisfy all remaining liabilities under the intergovernmental agreement.

REQUIRED SUPPLEMENTARY INFORMATION

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30 2020)

	2021			Variance with Final Budget Positive (Negative)	2020
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Local Sources					
Transportation Fees	\$ 72,575	\$ -	\$ -	\$ -	\$ 28,175
Investment Earnings	200	200	247	47	9,285
Sale of Capital Assets	-	-	-	-	3,000
Local BOCES Passthrough	548,021	599,565	556,015	(43,550)	470,778
Alternative License Revenue	146,749	134,938	143,808	8,870	-
Other Local	11,068	29,651	68,080	38,429	236,041
Use of Fund Balance Reserves	-	301,150	-	(301,150)	-
Total Local Sources	<u>778,613</u>	<u>1,065,504</u>	<u>768,150</u>	<u>(297,354)</u>	<u>747,279</u>
State Sources					
State Grants from CDE					
State ECEA (Special Education)	916,130	960,559	974,044	13,485	920,083
State Gifted and Talented	39,026	40,152	40,152	-	39,026
Expelled and At Risk Students	-	-	-	-	879
Read to Achieve	-	-	-	-	2,308
Counselor Grant	-	-	-	-	3,077
Implementing State Educational Priorities	120,407	120,406	163,033	42,627	83,597
Gifted Ed- Univ Screening and Qualified Personnel	15,566	15,566	30,499	14,933	17,453
Imp Ed Stability for Foster Youth	-	-	-	-	313
Ninth Grade Success Program	-	-	-	-	246
State Grant Writing Program	-	8,000	11,042	3,042	-
State Grants from Other Agencies					
State PERA Contribution	-	-	-	-	11,029
Total State Sources	<u>1,091,129</u>	<u>1,144,683</u>	<u>1,218,770</u>	<u>74,087</u>	<u>1,078,011</u>
Federal Sources					
Federal Grants from CDE					
Special Education- Grants to States- IDEA Part B	632,910	679,370	679,370	-	633,676
IDEA Part B- Special Education Preschool	17,780	17,901	13,342	(4,559)	20,442
Federal Child Fund	-	-	-	-	1,613
Coronavirus Relief Fund	-	25,000	25,000	-	-
Elementary and Secondary School Emergency Relief Fund	-	-	21,456	21,456	-
Total Federal Sources	<u>650,690</u>	<u>722,271</u>	<u>739,168</u>	<u>16,897</u>	<u>655,731</u>
TOTAL REVENUES	<u>2,520,432</u>	<u>2,932,458</u>	<u>2,726,088</u>	<u>(206,370)</u>	<u>2,481,021</u>

(Continued)

EXPENDITURES**Instruction**

Salaries	-	-	-	-	9,267
Benefits	1,300	1,864	2,562	(698)	2,025
PS-Professional	94,174	101,529	109,737	(8,208)	92,391
PS-Other	977,382	1,012,044	1,042,576	(30,532)	979,314
Supplies	150	150	392	(242)	139
Property	2,500	2,500	806	1,694	-
Other Expenses	-	-	944	(944)	(764)
Total Instruction	<u>1,075,506</u>	<u>1,118,087</u>	<u>1,157,017</u>	<u>(38,930)</u>	<u>1,082,372</u>

Supporting Services**Pupil Support**

Salaries	2,000	2,000	4,998	(2,998)	4,534
Benefits	447	447	1,166	(719)	991
PS-Professional	-	-	-	-	(200)
PS-Other	690,537	748,995	609,111	139,884	633,900
Property	100	3,164	3,249	(85)	120
Other Expenses	-	-	767	(767)	764
Total Pupil Support	<u>693,084</u>	<u>754,606</u>	<u>619,291</u>	<u>135,315</u>	<u>640,109</u>

Staff Support

Salaries	184,459	242,623	236,888	5,735	157,590
Benefits	45,797	74,192	74,038	154	45,866
PS-Professional	30,407	30,407	57,974	(27,567)	(15,928)
PS-Other	20,966	29,001	20,459	8,542	-
Supplies	11,100	11,864	3,773	8,091	19,106
Property	1,700	2,200	(1,857)	4,057	8,221
Other Expenses	-	-	-	-	1
Total Staff Support	<u>294,429</u>	<u>390,287</u>	<u>391,275</u>	<u>(988)</u>	<u>214,856</u>

General Administration

Salaries	70,000	70,000	70,000	-	42,436
Benefits	31,495	31,495	20,042	11,453	23,647
PS-Professional	10,000	15,000	11,263	3,737	4,982
PS-Other	1,400	1,400	3,531	(2,131)	-
Supplies	400	400	2,063	(1,663)	4,319
Property	-	-	-	-	3,067
Other Expenses	2,950	2,950	1,459	1,491	-
Total General Administration	<u>116,245</u>	<u>121,245</u>	<u>108,358</u>	<u>12,887</u>	<u>78,451</u>

Business Services

Salaries	58,221	59,385	59,385	-	53,045
Benefits	19,922	20,183	20,251	(68)	18,824
PS-Professional	9,600	9,600	10,303	(703)	9,600
PS-Other	13,453	13,453	12,340	1,113	1,238
Supplies	6,250	17,000	25,758	(8,758)	16,124
Property	-	-	10,440	(10,440)	-
Other Expenses	1,000	1,000	381	619	-
Total Business Services	<u>108,446</u>	<u>120,621</u>	<u>138,858</u>	<u>(8,416)</u>	<u>98,291</u>

(Continued)

Operations and Maintenance

Salaries	-	-	81	(81)	-
Benefits	-	-	713	(713)	-
PS-Property	-	-	1,453	(1,453)	5,176
Property	8,700	21,950	13,097	8,853	-
Total Operations and Maintenance	<u>8,700</u>	<u>21,950</u>	<u>15,344</u>	<u>6,606</u>	<u>5,176</u>

Transportation

Salaries	35,213	200	200	-	19,114
Benefits	12,500	576	621	(45)	10,908
PS-Property	-	-	-	-	-
PS-Other	-	-	-	-	6,525
Property	10,000	213	747	(534)	28,888
Total Transportation	<u>57,713</u>	<u>989</u>	<u>1,568</u>	<u>(579)</u>	<u>65,435</u>

Other Central Support

Salaries	4,002	4,002	5,023	(1,021)	64,289
Benefits	894	894	12,117	(11,223)	17,149
PS-Professional	40,100	37,288	41,722	(4,434)	32,696
PS-Other	9,450	9,450	5,368	4,082	7,872
Supplies	5,700	10,700	5,661	5,039	14,417
Property	1,150	1,150	17,215	(16,065)	-
Other Expenses	500	500	(40)	540	-
Total Other Central Support	<u>61,796</u>	<u>63,984</u>	<u>87,066</u>	<u>(23,082)</u>	<u>136,423</u>

Risk Management

Salaries	49,865	50,862	75,181	(24,319)	65,955
Benefits	18,055	18,278	22,180	(3,902)	19,652
PS-Other	20,307	27,221	23,607	3,614	19,569
Property	8,100	8,100	6,991	1,109	13,673
Total Transportation	<u>96,327</u>	<u>104,461</u>	<u>127,959</u>	<u>(23,498)</u>	<u>118,849</u>

Other Support Services

PS-Other	8,186	8,186	5,377	2,809	6,823
Total Supporting Services	<u>8,186</u>	<u>8,186</u>	<u>5,377</u>	<u>2,809</u>	<u>6,823</u>

Debt Service

Interest	-	-	277	(277)	437
Principal	-	-	3,287	(3,287)	3,127
Total Debt Service	<u>-</u>	<u>-</u>	<u>3,564</u>	<u>(3,564)</u>	<u>3,564</u>

TOTAL EXPENDITURES

Excess of Revenues over Expenditures

2,520,432	2,704,416	2,655,677	58,560	2,450,349
-	228,042	70,411	(264,930)	30,672

SPECIAL ITEMS

Proceeds from Sale of Office Building	-	349,616	349,536	80	-
Loss on Disposal of Operations	-	(228,042)	(228,042)	-	-
TOTAL SPECIAL ITEMS	<u>-</u>	<u>121,574</u>	<u>121,494</u>	<u>80</u>	<u>-</u>

CHANGE IN FUND BALANCE

BEGINNING FUND BALANCE	579,575	579,575	1,016,749	437,174	986,077
ENDING FUND BALANCE	<u>\$ 579,575</u>	<u>\$ 929,191</u>	<u>\$ 1,208,654</u>	<u>\$ 279,463</u>	<u>\$ 1,016,749</u>

See accompanying Independent Auditors' Report.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

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

PERA Pension Plan

Last 20 Fiscal Year

Fiscal Year	BOCES' proportion of the net pension asset (liability)	BOCES' proportionate share of the net pension asset (liability)	Non-employer contributing entity's total proportionate share of the net pension asset (liability)	Total proportionate share associated with BOCES	BOCES' covered payroll	BOCES' proportionate share of the net pension asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2014	0.046427%	(5,921,766)	-	(5,921,766)	1,871,625	316.40%	64.07%
June 30, 2015	0.047128%	(6,387,447)	-	(6,387,447)	1,974,333	323.52%	62.84%
June 30, 2016	0.046290%	(7,081,153)	-	(7,081,153)	2,017,714	350.95%	59.16%
June 30, 2017	0.044074%	(6,480,942)	-	(6,480,942)	726,547	892.02%	43.13%
June 30, 2018	0.026794%	(8,664,272)	-	(8,664,272)	1,235,979	701.00%	43.96%
June 30, 2019	0.007089%	(1,255,303)	(150,998)	(1,406,301)	389,733	322.09%	57.01%
June 30, 2020	0.007684%	(1,148,003)	(129,220)	(1,277,223)	448,658	255.87%	64.52%
June 30, 2021	0.008470%	(1,280,471)	-	(1,280,471)	452,566	282.94%	66.99%

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

Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

SCHEDULE OF BOCES' CONTRIBUTIONS

PERA Pension Plan

Last 10 Fiscal Years

Fiscal Year	Contractually required contributions	Actual contributions	Contribuion deficiency (excess)	BOCES' covered payroll	Contributions as a percentage of covered payroll
June 30, 2014	\$ 290,663	(290,663)	-	\$ 1,871,625	15.53%
June 30, 2015	\$ 324,383	(324,383)	-	\$ 1,974,333	16.43%
June 30, 2016	\$ 349,670	(349,670)	-	\$ 2,017,714	17.33%
June 30, 2017	\$ 131,723	(131,723)	-	\$ 726,547	18.13%
June 30, 2018	\$ 230,263	(230,263)	-	\$ 1,235,979	18.63%
June 30, 2019	\$ 74,556	(74,556)	-	\$ 389,733	19.13%
June 30, 2020	\$ 86,950	(86,950)	-	\$ 448,658	19.38%
June 30, 2021	\$ 88,919	(88,919)	-	\$ 452,566	19.65%

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

Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

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

PERA Health Care Trust Fund

Last 10 Fiscal Years

Fiscal Year Ended	BOCES' proportion of the net OPEB asset (liability)	BOCES' proportionate share of the net OPEB asset (liability)	BOCES' covered payroll	BOCES' proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2017	0.012373%	(160,417)	726,547	22.079%	16.70%
June 30, 2018	0.015224%	(197,855)	1,235,979	16.008%	17.53%
June 30, 2019	0.004608%	(62,695)	389,733	16.087%	17.03%
June 30, 2020	0.005026%	(56,489)	448,658	12.591%	24.49%
June 30, 2021	0.004894%	(46,503)	452,566	10.275%	32.78%

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

Additional years will be added to this schedule as they become available

See the accompanying Independent Auditors' Report.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

SCHEDULE OF BOCES' CONTRIBUTIONS - OPEB

PERA Health Care Trust Fund

Last 10 Fiscal Years

Fiscal Year	Contractually required contributions	Actual Contributions	Contribution deficiency (excess)	BOCES' covered payroll	Contributions as a percentage of covered payroll
June 30, 2017	7,411	(7,411)	-	726,547	1.02%
June 30, 2018	12,607	(12,607)	-	1,235,979	1.02%
June 30, 2019	3,975	(3,975)	-	389,733	1.02%
June 30, 2020	4,576	(4,576)	-	448,658	1.02%
June 30, 2021	4,616	(4,616)	-	452,566	1.02%

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

Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

STATE COMPLIANCE



Colorado Department of Education

Auditors Integrity Report

District: 9030 - Mountain BOCES

Fiscal Year 2020-21

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	1,016,749	3,144,135	2,952,232	1,208,652
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	1,016,749	3,144,135	2,952,232	1,208,652
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	0	0	0	0
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL



Colorado Department of Education
Bolded Balance Sheet Report
 District: 9030 - Mountain BOCES
 Fiscal Year 2020-21
 Colorado School District/BOCES

Governmental

Proprietary

Fiduciary

ASSETS	Governmental							Proprietary					Fiduciary		Totals	
	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
Cash and Investments (8100-8104,8111)	1,450,001	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,450,001
Other Investment Accounts (8112-8115)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Receivables (8151-8154,8161)	24,123	0	0	0	0	0	0	0	0	0	0	0	0	0	0	24,123
Prepaid Expenses 8181,8182)	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Other Current Assets (8191-8194,8199)	2,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,500
Total Assets	1,476,625	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,476,625

Governmental

Proprietary

Fiduciary

LIABILITIES & FUND EQUITY	Governmental							Proprietary					Fiduciary		Totals	
	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
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	63,295	0	0	0	0	0	0	0	0	0	0	0	0	0	0	63,295
Accrued Expenses (7461)	6,671	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,671
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow Grants (7801)	198,007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	198,007
Total Liabilities	267,973	0	0	0	0	0	0	0	0	0	0	0	0	0	0	267,973

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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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
Full-Day Kindergarten Reserve 6725	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
Total Program Reserve 6728	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	87,744	0	0	0	0	0	0	0	0	0	0	0	0	0	0	87,744
Unassigned Fund Balance 6770	1,120,908	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,120,908
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
Total Fund Equity	1,208,652	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,208,652

	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	1,476,625	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,476,625

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