

**MT. EVANS BOARD OF COOPERATIVE
EDUCATIONAL SERVICES**

BLACK HAWK, COLORADO

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORTS**

**For the Year Ended
June 30, 2021**

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INTRODUCTORY SECTION

MT. EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES

ROSTER OF OFFICIALS

June 30, 2021

BOARD MEMBERS

Gilpin School District RE -1:
Joe Marr

Clear Creek School District RE -1:
Erica Haag
Sandi Schuessler

Platte Canyon School District RE -1:
Amy Carman
Frank VanDeHey

SUPERINTENDENTS

Karen Quanbeck – Clear Creek School District RE-1

Dr. David MacKenzie – Gilpin County School District RE-1

Michael Schmidt– Platte Canyon School District RE-1

ADMINISTRATIVE

Dr. Terri Jones – Executive Director

Terry Scharg – Business Manager

INTRODUCTORY SECTION

Roster of Officials

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FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2021

The discussion and analysis of Mt. Evans BOCES' (the "BOCES") financial performance provides an overall review of the BOCES' financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the 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 the BOCES financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, issued June 1999.

Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

The Mt. Evans BOCES came into existence in July 1997. The BOCES was formed primarily to assist member districts to provide educational services to children identified in the Exceptional Children's Education Act by providing oversight of such programs and by distributing available state and federal grant monies. The BOCES distributed \$1,125,544 to member districts during the twelve months ended June 30, 2021.

The BOCES restructured for the 2014-15 fiscal year. As a result of the restructuring, special service providers, such as occupational therapists, psychologists, and speech pathologists are BOCES employees and not employees of the member districts. This structure allows for more flexibility in meeting the needs of the districts and is in line with how other BOCES are structured.

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 the 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 the BOCES' overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the BOCES' operations in more detail. The governmental fund statements tell how general 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

The BOCES' ending net position was (\$1,811,310) as of June 30, 2021, which represents a decrease of \$642,335 from the preceding fiscal year. The BOCES has a negative net position as a result of the BOCES reporting their proportionate share of the net pension liability in compliance with GASB 68, as well as their proportionate share of Other Post-Employment Benefits (OPEB). Detailed information about the Defined Benefit Pension Plan can be found in Note 6 to the financial statements on pages 16-25 and detailed information regarding OPEB can be found in Note 8 to the financial statements on pages 25-35.

The BOCES' cash position at year end was \$389,216.

Government-Wide Financial Statements

The government-wide statements report information about the BOCES as a whole using accounting methods similar to those used by private businesses. The statement of net position includes 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 the BOCES' net position and how it has changed. The change in net position is important because it tells the reader that, for the BOCES as a whole, the financial position of the 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 – All of the BOCES' programs and services are reported here including instruction, support services, and grant activities.

A summary of the BOCES' Net Position is as follows:

TABLE I – CONDENSED SUMMARY OF NET POSITION

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Assets: | | |
| Current Assets | \$ 602,024 | \$ 842,673 |
| Capital Assets – Net | 2,851 | 4,752 |
| Deferred Outflows of Resources | 615,036 | 388,654 |
| Capital Assets & Deferred Outflows of Financial Resources | <u>1,219,911</u> | <u>1,236,079</u> |
| Liabilities: | | |
| Current Liabilities | 305,828 | 591,840 |
| Non-current Liabilities | 1,772,105 | 1,592,754 |
| Deferred Inflows of Resources | 953,288 | 1,505,130 |
| Total Liabilities & Deferred Inflows of Financial Resources | <u>3,031,221</u> | <u>3,689,724</u> |
| Net Position: | | |
| Net Invested in Capital Assets | 2,851 | 4,752 |
| Unrestricted Net Position | <u>(1,814,161)</u> | <u>(2,458,397)</u> |
| Total Net Position(Deficit) | <u>(1,811,310)</u> | <u>(2,453,645)</u> |
| Total Liabilities, Deferred Outflows and Net Position | <u>\$ 1,219,911</u> | <u>\$ 1,236,079</u> |

A summary of the BOCES' activity and changes in net position is as follows:

TABLE 2 – CONDENSED STATEMENT OF ACTIVITIES

| | 2021 | 2020 |
|----------------------------|-----------------------|-----------------------|
| Program Revenues: | | |
| Charges for Services | \$ 354,109 | \$ 512,119 |
| Operating Grants | <u>1,706,560</u> | <u>1,630,255</u> |
| Total Program Revenues | 2,060,669 | 2,142,374 |
| General Revenues: | | |
| Investment Earnings | 15 | 172 |
| Miscellaneous Revenues | <u>649</u> | <u>835</u> |
| Total General Revenues | <u>664</u> | <u>1,007</u> |
| Total Revenues | <u>2,061,333</u> | <u>2,143,381</u> |
| Expenses: | | |
| Instruction | 1,081,137 | 1,092,254 |
| Supporting Services | <u>337,861</u> | <u>771,357</u> |
| Total Expenses | <u>1,418,998</u> | <u>1,863,611</u> |
| Change in Net Position | 642,335 | 279,770 |
| Net Position - Beginning | <u>(2,453,645)</u> | <u>(2,733,415)</u> |
| Net Position Ending | <u>\$ (1,811,310)</u> | <u>\$ (2,453,645)</u> |

Operating grants included funds from both state and federal sources. State and federal grant revenue was \$1,197,167 and \$509,392, respectively.

Reporting the BOCES' Most Significant Fund

The analysis of the BOCES' major funds begins on page three. Fund financial statements provide detailed information about the BOCES' major funds. The BOCES' only fund is the General Fund.

Governmental Funds. Most of BOCES' activities are reported in the governmental funds, which focus on how money flows into and out of those 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 the 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 is reconciled in the financial statements of the Governmental Funds. The BOCES' governmental fund is the General Fund. The General Fund accounts for all of BOCES' instruction and support operations.

Fund Financial Statements

As of June 30, 2021, the BOCES' governmental fund reported an assigned fund balance of \$16,503 for gifted and talented expenses and an unassigned fund balance of \$279,693. The unassigned fund balance at year end was the result of amounts retained to cover BOCES administrative expenses.

Capital Assets

As of June 30, 2021, the BOCES had capital assets of \$2,851.

| | <u>Balance</u> <u>06/30/20</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>06/30/21</u> |
|--|-----------------------------------|--------------------------|--------------------|-----------------------------------|
| Governmental Activities: | | | | |
| Capital Assets, being depreciated: | | | | |
| Machinery and Equipment | \$ 9,505 | \$ - | \$ - | \$ 9,505 |
| Accumulated Depreciation: | | | | |
| Machinery and Equipment | <u>(4,753)</u> | <u>(1,901)</u> | <u>-</u> | <u>(6,654)</u> |
| Net Governmental Capital Assets | <u>\$ 4,752</u> | <u>\$ (1,901)</u> | <u>\$ -</u> | <u>\$ 2,851</u> |

Debt Administration

As of June 30, 2021, the BOCES had no long-term debt.

| | <u>Balance 6/30/20</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 6/30/21</u> | <u>Current Portion</u> |
|------------------------------|----------------------------|------------------|------------------|----------------------------|----------------------------|
| Accrued Compensated Absences | \$ 7,860 | \$ 1,110 | \$ - | \$ 8,970 | \$ - |

General Fund Budget

The Board of Director's adopts the BOCES' budget in June of each year. Changes are then made in December when State and Federal allocations are known. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional revenues are received.

The Future of the BOCES

The BOCES does not anticipate any changes in its operations during the next fiscal year. Any changes in operations would be directly attributable to modifications of grant funding.

Requests for information

This financial report is designed to provide a general overview of the 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 Executive Director, 10595 Highway 119, Black Hawk, CO 80422.

Mayberry & Company, LLC

Certified Public Accountants

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

Board of Directors
Mt. Evans Board of Cooperative Educational Services
Black Hawk, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Mt. Evans Board of Cooperative Educational Services (BOCES), as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the basic financial statements of the BOCES, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Mt Evans BOCES, as of June 30, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Mt Evans BOCES' 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 1, 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 – Management Discussion and Analysis and Pension Schedules (Unaudited)

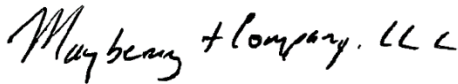
Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M5 and pension schedules on 37-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information – Budgetary Comparison Schedule

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on pages 41-43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports pages 44-47 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Englewood, CO
November 12, 2021

Basic Financial Statements

MT. EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Statement of Net Position
June 30, 2021

| | Governmental Activities |
|--|------------------------------------|
| ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES | |
| Assets | |
| Current Assets | |
| Cash and Investments | \$ 389,216 |
| Grants Receivable | 212,808 |
| Capital and Other Assets | |
| Capital Assets Being Depreciated, net | 2,851 |
| Total Assets | <u>604,875</u> |
| Deferred Outflows of Financial Resources | |
| Net Pension Deferred Outflows | 609,635 |
| Net OPEB Deferred Outflows | 5,401 |
| Total Deferred Outflows of Financial Resources | <u>615,036</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES | <u>\$ 1,219,911</u> |
| LIABILITIES, DEFERRED INFLOWS AND NET POSITION | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | \$ 194,757 |
| Accrued Salaries & Benefits | 94,297 |
| Unearned Revenue Grants | 16,774 |
| Noncurrent Liabilities | |
| Due In More Than One Year | 1,772,105 |
| Total Liabilities | <u>2,077,933</u> |
| Deferred Inflows of Financial Resources | |
| Net Pension Deferred Inflows | 924,440 |
| Net OPEB Deferred Inflows | 28,848 |
| Total Deferred Inflows of Financial Resources | <u>953,288</u> |
| Net Position | |
| Net Investment in Capital Assets | 2,851 |
| Unrestricted Net Position | (1,814,161) |
| Total Net Position | <u>(1,811,310)</u> |
| TOTAL LIABILITIES, DEFERRED OUTFLOWS AND NET POSITION | <u>\$ 1,219,911</u> |

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

MT. EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES

Statement of Activities

For the Year Ended June 30, 2021

| <u>Functions/Programs</u> | <u>Program Revenues</u> | | | <u>Net (Expense)</u> |
|---|-------------------------|---------------------------------------|---|---|
| | <u>Expenses</u> | <u>Charges for</u> <u>Services</u> | <u>Operating</u> <u>Grants and</u> <u>Contributions</u> | <u>Revenue and</u> <u>Change in Net</u> <u>Position</u> |
| Primary Government | | | | |
| Governmental Activities | | | | |
| Instruction | \$ 1,081,137 | \$ - | \$ 1,107,941 | \$ 26,804 |
| Supporting Services | <u>337,861</u> | <u>354,109</u> | <u>598,619</u> | <u>614,867</u> |
| Total Primary Government | <u>\$ 1,418,998</u> | <u>\$ 354,109</u> | <u>\$ 1,706,560</u> | <u>641,671</u> |
| General Revenues | | | | |
| Investment Earnings | | | | 15 |
| Other Revenues | | | | <u>649</u> |
| Total General Revenues and Transfers | | | | <u>664</u> |
| Change in Net Position | | | | 642,335 |
| Beginning Net Position | | | | <u>(2,453,645)</u> |
| Ending Net Position | | | | <u>\$ (1,811,310)</u> |

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

MT. EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Balance Sheet
Governmental Funds
General Fund
June 30, 2021

| | <u>Totals</u> | |
|---|-------------------|-------------------|
| | <u>2021</u> | <u>2020</u> |
| ASSETS | | |
| Cash and Investments | \$ 389,216 | \$ 331,850 |
| Grants Receivable | 212,808 | 478,055 |
| Other Accounts Receivable | - | 30 |
| Prepaid Expenses | - | 32,738 |
| TOTAL ASSETS | <u>\$ 602,024</u> | <u>\$ 842,673</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | | |
| Liabilities | | |
| Accounts Payable | 194,757 | 457,742 |
| Accrued Salaries & Benefits | 94,297 | 99,591 |
| Unearned Revenue Grants | 16,774 | 34,507 |
| Total Liabilities | <u>305,828</u> | <u>591,840</u> |
| Fund Balance | | |
| Assigned for Gifted and Talented | 16,503 | 18,338 |
| Unassigned Fund Balance | 279,693 | 232,495 |
| Total Fund Balance | <u>296,196</u> | <u>250,833</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | <u>\$ 602,024</u> | <u>\$ 842,673</u> |

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

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

| | | | |
|--|--|----|---------------------------|
| Fund Balance - Governmental Funds | | \$ | 296,196 |
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds | | | |
| Capital assets, being depreciated | | \$ | 9,505 |
| Accumulated depreciation | | | <u>(6,654)</u> |
| | | | 2,851 |
| 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 | | | 609,635 |
| Net pension liability | | | (1,701,263) |
| Net pension deferred inflows | | | <u>(924,440)</u> |
| | | | (2,016,068) |
| OPEB Liability | | | |
| Net OPEB deferred outflows | | | 5,401 |
| Net OPEB liability | | | (61,872) |
| Net OPEB deferred inflows | | | <u>(28,848)</u> |
| | | | (85,319) |
| Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds. | | | |
| Accrued compensated absences | | | <u>(8,970)</u> |
| Total Net Position - Governmental Activities | | \$ | <u><u>(1,811,310)</u></u> |

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

MT. EVANS 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>Totals</u> | |
|-------------------------------|-------------------|-------------------|
| | <u>2021</u> | <u>2020</u> |
| REVENUES | | |
| Local Sources | \$ 354,774 | \$ 521,125 |
| State Sources | 1,197,167 | 1,145,374 |
| Federal Sources | <u>509,392</u> | <u>476,882</u> |
| TOTAL REVENUES | <u>2,061,333</u> | <u>2,143,381</u> |
| EXPENDITURES | | |
| Current: | | |
| Instruction | 1,271,855 | 1,151,657 |
| Pupil Support | 502,288 | 647,487 |
| Staff Support | 168,530 | 251,265 |
| General Administration | 5,750 | 5,400 |
| School Administration | 19,685 | 20,153 |
| Business Services | 31,826 | 28,725 |
| Operations and Maintenance | 6,100 | 6,000 |
| Other Central Support | 1,753 | 1,820 |
| Risk Management | <u>8,183</u> | <u>9,314</u> |
| TOTAL EXPENDITURES | <u>2,015,970</u> | <u>2,121,821</u> |
| CHANGE IN FUND BALANCE | 45,363 | 21,560 |
| BEGINNING FUND BALANCE | <u>250,833</u> | <u>229,273</u> |
| ENDING FUND BALANCE | <u>\$ 296,196</u> | <u>\$ 250,833</u> |

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

MT. EVANS 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 | \$ | 45,363 |
| Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level | | |
| Depreciation Expense | | (1,901) |
| 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 | 227,553 | |
| Change in net pension liability | (190,649) | |
| Current year change and amortization of deferred inflows - net | <u>556,877</u> | 593,781 |
| OPEB Liability | | |
| Current year change and amortization of deferred outflows - net | (1,171) | |
| Change in OPEB liability | 12,408 | |
| Current year change and amortization of deferred inflows - net | <u>(5,035)</u> | 6,202 |
| 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. | | |
| Change in accrued compensated absences | | <u>(1,110)</u> |
| Total Net Position - Governmental Activities | \$ | <u><u>642,335</u></u> |

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

MT. EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Mt. Evans Board of Cooperative Educational Services (the BOCES) conform to generally accepted accounting principles as applicable to governmental units. A summary of the more significant policies is provided below.

Reporting Entity

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

Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the BOCES and for each function of the BOCES' governmental activities. Direct expenses are those specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues would include:

- (1) fees and charges paid by the recipients of goods or services offered by the programs and
- (2) 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. The effects of interfund activity have been eliminated from the government-wide financial statements.

Fund Financial Statements The fund financial statements provide information about the BOCES' funds. Separate statements would be presented for each applicable fund category (governmental, proprietary and fiduciary, as applicable).

The BOCES reports one major governmental fund.

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

Measurement Focus and Basis of Accounting

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

MT. EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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

Budgets 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 procedures listed below 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.
- 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.

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

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

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

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

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

| | |
|---------------------------------|------------|
| Buildings and Site Improvements | 50 years |
| Other Equipment | 5-20 years |

MT. EVANS 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)

Unearned Revenues Unearned revenues include governmental grants that have been received, but not yet earned, since service has not been provided.

Deferred outflows/inflows of resources In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 items that qualify for reporting in this category, all related to outstanding pension and OPEB obligations and further described in Notes 6 and 7.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 pension and OPEB related deferrals as further described in Notes 6 and 7.

Fund Equity/Net Position In the government-wide financial statements, 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. The BOCES net position are all considered 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 balance is reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors, and at their highest level of action 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.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are 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 other remaining governmental balances are reported as unassigned.

MT. EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance Flow Assumptions (Continued)

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

Revenues and Expenditures Revenues 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.

Vacation, Sick Leave, and Other Compensated Absences The BOCES offers vacation and sick leave compensated absences pursuant to Gilpin County School District RE-1 personnel policies. These balances were recorded as noncurrent obligations of the governmental activities at June 30, 2020.

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.

NOTE 2: CASH AND INVESTMENTS

The following is a reconciliation of cash on the statement of net position to the summary of cash and investments shown below:

| | |
|-----------------------------------|--------------------------|
| Bank Deposits | \$ 378,879 |
| Local Govt Investment Pools | <u>10,337</u> |
| Total Cash and Investments | <u>\$ 389,216</u> |

MT. EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2: CASH AND 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>Bank Balance</u> | <u>Carrying Balance</u> |
|---|--------------------------|-----------------------------|
| FDIC Insured | \$ 250,000 | \$ 250,000 |
| PDPA Collateralized (Not in BOCES name) | 131,046 | 128,878 |
| Total Deposits | <u>\$ 381,046</u> | <u>\$ 378,878</u> |

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
- Guaranteed investment contracts

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

MT. EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2: CASH AND INVESTMENTS(Continued)

Investments(Continued)

During the year ended June 30, 2020, the BOCES invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. Colotrust 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. The value of this investment at June 30, 2021 was \$10,337.

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.

NOTE 3: RISK MANAGEMENT

Property and Liability Coverage

The BOCES belongs to the Colorado School District Self Insurance Pool ("CSDSIP") that was formed in 1981 to give individual school districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function. The coverage provided by CSDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. CSDSIP became self-administered in 1997.

The board of directors is comprised of nine persons who are district school board members, superintendents, or district business officials. Each member's premium contribution is determined by CSDSIP based on factors including, but not limited to, the aggregate CSDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income and reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuarial study is conducted annually. These reports may be obtained by contacting the CSDSIP administrative offices at 6857 South Spruce Street, Centennial, CO 80112. The BOCES has not materially changed its coverage from previous years. The BOCES has not recorded any liability for unpaid claims at June 30, 2021.

MT. EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: RISK MANAGEMENT(Continued)

CSDSIP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members.

The ultimate liability to the BOCES resulting from claims not covered by the pool is not recently determinable. Management is of the opinion that the final outcome of such claims, of any, will not have a material adverse effect on the BOCES financial statements.

The BOCES carries commercial insurance for all other risks of loss, including errors and omissions and property. Settled claims resulting from these risks did not exceed commercial or BOCES coverage in the past year.

NOTE 4: CAPITAL ASSETS

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:

| | <u>Balance</u> <u>06/30/20</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>06/30/21</u> |
|--|-----------------------------------|--------------------------|--------------------|-----------------------------------|
| Governmental Activities: | | | | |
| Capital Assets, being depreciated: | | | | |
| Machinery and Equipment | \$ 9,505 | \$ - | \$ - | \$ 9,505 |
| Accumulated Depreciation: | | | | |
| Machinery and Equipment | (4,753) | (1,901) | - | (6,654) |
| Net Governmental Capital Assets | <u>\$ 4,752</u> | <u>\$ (1,901)</u> | <u>\$ -</u> | <u>\$ 2,851</u> |

NOTE 5: LONG TERM DEBT

A summary of changes in long term obligations for the year ended June 30, 2021:

| | <u>Balance</u> <u>6/30/20</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>6/30/21</u> | <u>Current</u> <u>Portion</u> |
|------------------------------|----------------------------------|------------------|------------------|----------------------------------|----------------------------------|
| Accrued Compensated Absences | \$ 7,860 | \$ 1,110 | \$ - | \$ 8,970 | \$ - |

MT. EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 (FNP) and additions to/deductions from the FNP 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.

General Information about the Pension Plan

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

MT. EVANS 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)

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

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

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

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

As of December 31, 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 in C.R.S. § 24-51-413.

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

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

MT. EVANS 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 of 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% |

¹ Rates 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 annual 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 BOCES were \$118,141 for the year ended June 30, 2021.

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 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.

MT. EVANS 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

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 contributions 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 \$1,701,263 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 BOCES were as follows:

| | | |
|--|----|--------------------|
| District's proportionate share of the net pension liability | \$ | (1,701,263) |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District | \$ | - |
| Total | \$ | (1,701,263) |

At December 31, 2020, the BOCES proportion was 0.01125 percent, which was an increase of 0.00114 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the BOCES recognized pension expense of \$476,375 and revenue of \$0 for support from the State as a nonemployer contributing entity. At June 30, 2021, 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 | \$ 89,390 | \$ - |
| Changes of assumptions or other inputs | \$ 163,656 | \$ (274,189) |
| Net difference between projected and actual earnings on pension plan investments | \$ 113,930 | \$ (481,967) |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis | \$ 182,864 | \$ (168,284) |
| Contributions subsequent to the measurement date | \$ 59,795 | \$ - |
| Total | \$ 609,635 | \$ (924,440) |

MT. EVANS 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)

\$59,795 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, 2022. 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 |
|----------------------------|---------------------------|
| 2022 | \$ (362,198) |
| 2023 | 79,064 |
| 2024 | (32,389) |
| 2025 | (59,077) |
| Total | \$ (374,600) |

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

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

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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.

MT. EVANS 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, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's 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, 2019, 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 | 3.40-11.00% |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25% |
| Discount rate | 7.25% |
| Post retirement benefit increases: | |
| PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic) | 1.25% |
| PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) ¹ | Financed by the Annual Increase Reserve (AIR) |

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

MT. EVANS 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)

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

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 to 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.

MT. EVANS 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)

Several factors are 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 percentages 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 the 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 nominal rate of return assumption of 7.25 percent.

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

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

MT. EVANS 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 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. 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 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 FNP, 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 FNP 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 FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond 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 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:

MT. EVANS 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 asset (liability) | \$ (2,320,662) | \$ (1,701,263) | \$ (1,185,100) |

Pension plan fiduciary net position. Detailed information about the SCHDTF's FNP is available in PERA's Annual Report 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 \$800.

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS

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 (FNP) and additions to/deductions from the FNP 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.

MT. EVANS 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

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 (Annual 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.

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

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The 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.

MT. EVANS 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)

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

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from BOCES were \$6,142 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 \$61,872 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 BOCES contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

MT. EVANS 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)

At December 31, 2020, the BOCES proportion was 0.00651 percent, which was a decrease of 0.00009 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the BOCES recognized OPEB expense of \$178. At June 30, 2021, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows | Deferred Inflows |
|--|--------------------------|-------------------------|
| Difference between expected and actual experience | \$ 189 | \$ (13,755) |
| Net difference between projected and actual earnings on pension plan investments | \$ 846 | \$ (3,386) |
| Changes of assumptions or other inputs | \$ 493 | \$ (3,794) |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis | \$ 805 | \$ (7,913) |
| Contributions subsequent to the measurement date | \$ 3,068 | \$ - |
| Total | \$ 5,401 | \$ (28,848) |

\$3,068 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 | \$ (6,328) |
| 2023 | (5,920) |
| 2024 | (6,776) |
| 2025 | (5,476) |
| 2026 | (1,896) |
| 2027 | (119) |
| Total | \$ (26,515) |

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:

MT. EVANS 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 | 70.00% |
| Wage inflation | 3.00% |
| Salary increase, including wage inflation | 3.00% in the aggregate |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25% |
| Discount rate | 7.25% |
| Health care cost trend rates | |
| PERA Benefit Structure: | |
| Service-based premium subsidy | 0.00% |
| PERACare Medicare plans | 8.10% for 2020, gradually decreasing to 4.50% in 2029 |
| Medicare Part A premiums | 3.50% for 2019, gradually rising to 4.50% in 2029 |
| DPS Benefit Structure: | |
| Service-based premium subsidy | 0.00% |
| PERACare Medicare plans | N/A |
| Medicare Part A premiums | N/A |

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:

| Medicare Plan | Cost for Members Without Medicare Part A | | |
|---|---|------------------------|--|
| | Monthly Cost | Monthly Premium | Monthly Cost Adjusted to Age 65 |
| Medicare Advantage/ Self-Insured Prescription | \$588 | \$227 | \$550 |
| Kaiser Permanente Medicare Advantage HMO | \$621 | \$232 | \$586 |

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.

MT. EVANS 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)

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

The PERA benefit structure health care cost trend rates 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 determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

MT. EVANS 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)

- **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.

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

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

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 were 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.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 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 to 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, 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 percentages and then adding expected inflation.

MT. EVANS 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 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 the table as follows:

| Asset Class | Target Allocation | 30 Year Expected Geometric Real 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% | |

¹ The 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 nominal rate of return assumption of 7.25 percent.

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 of the net OPEB asset (liability) | \$ (60,272) | \$ (61,872) | \$ (63,733) |

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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 HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

MT. EVANS 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)

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

| Sensitivity of the Net OPEB Liability to Changes in the Discount Rate | | | |
|--|--------------------|------------------------------|--------------------|
| | 1% Decrease | Current Discount Rate | 1% Increase |
| Discount Rate | 6.25% | 7.25% | 8.25% |
| Proportionate share of the net OPEB asset (liability) | \$ (70,875) | \$ (61,872) | \$ (54,179) |

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

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

Claims and Judgments

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 (TABOR) 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, in which 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 BOCES will be impacted to the degree that its member districts 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.

MT. EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 10: DEFICIT NET POSITION

The Governmental Activities has an unrestricted net position deficit of \$1,814,161 and an overall net position deficit of \$1,811,310, primarily due to the PERA net pension liability of \$1,701,263 and the net OPEB liability of \$61,872, and related deferrals as further discussed in Notes 6 and 7. As the District has no control over pension and OPEB benefits or contribution rates, the BOCES expects this deficit net position to continue for the foreseeable future.

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REQUIRED SUPPLEMENTARY INFORMATION
(Pension Schedules – Unaudited)

MT. EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF THE BOCES' PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾

| <u>Fiscal Year</u> | <u>BOCES' proportion of the net pension asset (liability)</u> | <u>BOCES' proportionate share of the net pension asset (liability)</u> | <u>Non-employer contributing entity's total proportionate share of the net pension asset (liability)</u> | <u>Total proportionate share associated with BOCES</u> | <u>BOCES' covered payroll</u> | <u>BOCES' proportionate share of the net pension asset (liability) as a percentage of covered payroll</u> | <u>Plan fiduciary net position as a percentage of the total pension liability</u> |
|--------------------|---|--|--|--|-------------------------------|---|---|
| June 30, 2014 | 0.000000% | \$ - | \$ - | \$ - | \$ - | 0.00% | 64.07% |
| June 30, 2015 | 0.009718% | \$ (1,317,160) | \$ - | \$ (1,317,160) | \$ 407,127 | 323.53% | 62.84% |
| June 30, 2016 | 0.012456% | \$ (1,905,017) | \$ - | \$ (1,905,017) | \$ 542,816 | 350.95% | 59.16% |
| June 30, 2017 | 0.012873% | \$ (3,832,644) | \$ - | \$ (3,832,644) | \$ 577,738 | 663.39% | 43.13% |
| June 30, 2018 | 0.013196% | \$ (4,267,046) | \$ - | \$ (4,267,046) | \$ 608,706 | 701.00% | 43.96% |
| June 30, 2019 | 0.010790% | \$ (1,910,547) | \$ (229,817) | \$ (2,140,364) | \$ 593,173 | 322.09% | 57.01% |
| June 30, 2020 | 0.010111% | \$ (1,510,614) | \$ (170,035) | \$ (1,680,649) | \$ 590,377 | 255.87% | 64.52% |
| June 30, 2021 | 0.011253% | \$ (1,701,263) | \$ - | \$ (1,701,263) | \$ 609,603 | 279.08% | 66.99% |

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

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

See the accompanying Independent Auditors' Report.

MT. EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF BOCES' CONTRIBUTIONS
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾

| <u>Fiscal Year</u> | <u>Contractually required contributions</u> | <u>Actual contributions</u> | <u>Contribution deficiency (excess)</u> | <u>BOCES' covered payroll</u> | <u>Contributions as a percentage of covered payroll</u> |
|--------------------|---|---------------------------------|---|-----------------------------------|---|
| June 30, 2014 | \$ - | \$ - | \$ - | \$ - | 15.53% |
| June 30, 2015 | \$ 66,891 | \$ (66,891) | \$ - | \$ 407,127 | 16.43% |
| June 30, 2016 | \$ 94,070 | \$ (94,070) | \$ - | \$ 542,816 | 17.33% |
| June 30, 2017 | \$ 104,744 | \$ (104,744) | \$ - | \$ 577,738 | 18.13% |
| June 30, 2018 | \$ 113,402 | \$ (113,402) | \$ - | \$ 608,706 | 18.63% |
| June 30, 2019 | \$ 113,474 | \$ (113,474) | \$ - | \$ 593,173 | 19.13% |
| June 30, 2020 | \$ 114,415 | \$ (114,415) | \$ - | \$ 590,377 | 19.38% |
| June 30, 2021 | \$ 118,141 | \$ (118,141) | \$ - | \$ 609,603 | 19.38% |

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

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

See the accompanying Independent Auditors' Report.

MT. EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES
 SCHEDULE OF THE BOCES' PROPORTIONATE SHARE OF THE
 NET OPEB ASSET (LIABILITY)
 PERA Health Care Trust Fund
 Last 10 Fiscal Years⁽¹⁾

| Fiscal Year Ended | BOCES' proportion of the net OPEB asset (liability) | BOCES' proportionate share of the net OPEB asset (liability) | BOCES' covered payroll | BOCES' proportionate share of the net OPEB asset (liability) as a percentage of covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|----------------------|---|--|---------------------------|---|--|
| June 30, 2017 | 0.007317% | \$ (94,866) | \$ 577,738 | 16.420% | 16.70% |
| June 30, 2018 | 0.007498% | \$ (97,441) | \$ 608,706 | 16.008% | 17.53% |
| June 30, 2019 | 0.070134% | \$ (95,420) | \$ 593,173 | 16.086% | 17.03% |
| June 30, 2020 | 0.006609% | \$ (74,280) | \$ 590,377 | 12.582% | 24.49% |
| June 30, 2021 | 0.006511% | \$ (61,872) | \$ 609,603 | 10.150% | 32.78% |

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

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

See the accompanying Independent Auditors' Report.

MT. EVANS BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF BOCES' CONTRIBUTIONS - OPEB
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾

| <u>Fiscal Year</u> | <u>Contractually required contributions</u> | <u>Actual contributions</u> | <u>Contribution deficiency (excess)</u> | <u>BOCES' covered payroll</u> | <u>Contributions as a percentage of covered payroll</u> |
|--------------------|---|---------------------------------|---|---------------------------------------|---|
| June 30, 2017 | \$ 5,893 | \$ (5,893) | \$ - | \$ 577,738 | 1.02% |
| June 30, 2018 | \$ 6,209 | \$ (6,209) | \$ - | \$ 608,706 | 1.02% |
| June 30, 2019 | \$ 6,050 | \$ (6,050) | \$ - | \$ 593,173 | 1.02% |
| June 30, 2020 | \$ 6,022 | \$ (6,022) | \$ - | \$ 590,377 | 1.02% |
| June 30, 2021 | \$ 6,218 | \$ (6,218) | \$ - | \$ 609,603 | 1.02% |

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

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

See the accompanying Independent Auditors' Report.

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REQUIRED SUPPLEMENTARY INFORMATION

MT. EVANS 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 | | | | |
|---|--------------------|------------------|------------------|----------------------------------|------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget | 2020 Actual |
| REVENUES | | | | | |
| Local Sources | | | | | |
| Investment Earnings | \$ - | \$ - | \$ 15 | \$ 15 | \$ 172 |
| Rent Revenue | - | - | 6,100 | 6,100 | 6,000 |
| Donations | - | - | - | - | 8,000 |
| BOCES Assessments | 492,207 | 351,859 | 348,009 | (3,850) | 506,118 |
| Other Local | - | - | 650 | 650 | 835 |
| Total Local Sources | <u>492,207</u> | <u>351,859</u> | <u>354,774</u> | <u>2,915</u> | <u>521,125</u> |
| State Sources | | | | | |
| State Grants from CDE | | | | | |
| State ECEA (Special Education) | 533,306 | 1,031,244 | 904,832 | (126,412) | 832,403 |
| Early Literacy Grant for Prof Dev (Grant Writing) | - | - | 2,051 | 2,051 | - |
| State Gifted and Talented | 60,000 | 60,122 | 45,122 | (15,000) | 45,149 |
| Expelled and At Risk Students | - | 1,753 | 1,753 | - | - |
| Read to Achieve | - | 1,385 | 1,385 | - | - |
| School Counselor | 6,278 | 8,124 | - | (8,124) | 5,374 |
| Implementing State Educational Priorities | 90,096 | 91,934 | 87,138 | (4,796) | 93,386 |
| Imp Ed Stability for Foster Youth | - | 188 | 188 | - | - |
| Ninth Grade Success Grant Program | - | 148 | 148 | - | - |
| State Grants from Other Agencies | | | | | |
| State PERA Contribution | 16,000 | - | - | - | 14,512 |
| School to Work Alliance Program (SWAP) | 154,550 | 154,550 | 154,550 | - | 154,550 |
| Total State Sources | <u>860,230</u> | <u>1,349,448</u> | <u>1,197,167</u> | <u>(152,281)</u> | <u>1,145,374</u> |
| Federal Sources | | | | | |
| Federal Grants from CDE | | | | | |
| Coronavirus Relief Fund | - | 22,910 | 22,910 | - | 2,090 |
| Special Education: Grnts to States - IDEA Part B | 441,000 | 449,228 | 449,228 | - | 446,842 |
| IDEA Part B- Special Education Preschool | 27,000 | 27,145 | 27,145 | - | 27,114 |
| Federal Child Find | - | - | - | - | 836 |
| Ed Stab Fd - Elem Sec Emer Relief Discretionary | - | 27,317 | 10,109 | (17,208) | - |
| Total Federal Sources | <u>468,000</u> | <u>526,600</u> | <u>509,392</u> | <u>(17,208)</u> | <u>476,882</u> |
| TOTAL REVENUES | <u>1,820,437</u> | <u>2,227,907</u> | <u>2,061,333</u> | <u>(166,574)</u> | <u>2,143,381</u> |

See the accompanying Independent Auditors' Report

(Continued)

MT. EVANS 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 | | | | 2020 Actual |
|-------------------------------|--------------------|------------------|------------------|----------------------------------|------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget | |
| (Continued) | | | | | |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Salaries | 185,764 | 189,800 | 191,544 | (1,744) | 134,832 |
| Benefits | 68,563 | 71,191 | 69,836 | 1,355 | 49,427 |
| PS-Professional | 17,926 | 28,161 | 11,944 | 16,217 | 80,570 |
| PS-Other | 680,275 | 1,125,885 | 998,444 | 127,441 | 883,692 |
| Supplies | 9,000 | 14,650 | 87 | 14,563 | 3,136 |
| Total Instruction | <u>961,528</u> | <u>1,429,687</u> | <u>1,271,855</u> | <u>157,832</u> | <u>1,151,657</u> |
| Supporting Services | | | | | |
| Pupil Support | | | | | |
| Salaries | 404,250 | 323,680 | 262,722 | 60,958 | 295,186 |
| Benefits | 134,258 | 93,138 | 89,197 | 3,941 | 113,291 |
| PS- Professional | 41,200 | 82,304 | 70,838 | 11,466 | 138,918 |
| PS- Property | 625 | 625 | 626 | (1) | 1,175 |
| PS-Other | 94,797 | 78,801 | 75,747 | 3,054 | 94,957 |
| Supplies | 4,555 | 4,042 | 2,295 | 1,747 | 2,592 |
| Property | - | 863 | 863 | - | 1,368 |
| Total Pupil Support | <u>679,685</u> | <u>583,453</u> | <u>502,288</u> | <u>81,165</u> | <u>647,487</u> |
| Staff Support | | | | | |
| Salaries | 113,544 | 135,309 | 104,095 | 31,214 | 172,347 |
| Benefits | 29,797 | 30,682 | 29,415 | 1,267 | 52,209 |
| PS- Professional | 4,500 | 5,500 | 3,993 | 1,507 | 1,985 |
| PS-Other | 9,020 | 8,228 | 5,881 | 2,347 | 6,851 |
| Supplies | 21,439 | 31,759 | 22,596 | 9,163 | 15,143 |
| Other Expenses | 2,750 | 2,750 | 2,550 | 200 | 2,730 |
| Total Staff Support | <u>181,050</u> | <u>214,228</u> | <u>168,530</u> | <u>45,698</u> | <u>251,265</u> |
| General Administration | | | | | |
| PS- Professional | 5,450 | 5,750 | 5,750 | - | 5,400 |
| Other Expenses | - | 1,006 | - | 1,006 | - |
| Total General Administration | <u>5,450</u> | <u>6,756</u> | <u>5,750</u> | <u>1,006</u> | <u>5,400</u> |
| School Administration | | | | | |
| Salaries | 17,813 | 18,259 | 16,089 | 2,170 | 16,539 |
| Benefits | <u>3,983</u> | <u>4,082</u> | <u>3,596</u> | <u>486</u> | <u>3,614</u> |
| Total School Administration | <u>21,796</u> | <u>22,341</u> | <u>19,685</u> | <u>2,656</u> | <u>20,153</u> |

See the accompanying Independent Auditors' Report

(Continued)

MT. EVANS 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 | | | | 2020 Actual |
|--|--------------------|------------------|-------------------|----------------------------------|-------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget | |
| (Continued) | | | | | |
| EXPENDITURES (Continued) | | | | | |
| Supporting Services (Continued) | | | | | |
| Business Services | | | | | |
| Salaries | 22,693 | 23,260 | 23,260 | - | 22,693 |
| Benefits | 5,073 | 5,200 | 5,199 | 1 | 4,958 |
| PS- Professional | 1,200 | 1,200 | 868 | 332 | 616 |
| Supplies | 1,850 | 2,500 | 2,499 | 1 | 458 |
| Total Business Services | <u>30,816</u> | <u>32,160</u> | <u>31,826</u> | <u>334</u> | <u>28,725</u> |
| Operations and Maintenance | | | | | |
| PS- Property | <u>6,000</u> | <u>6,100</u> | <u>6,100</u> | <u>-</u> | <u>6,000</u> |
| Other Central Support | | | | | |
| PS-Other | <u>2,054</u> | <u>2,274</u> | <u>1,753</u> | <u>521</u> | <u>1,820</u> |
| Risk Management | | | | | |
| PS-Other | <u>9,333</u> | <u>8,183</u> | <u>8,183</u> | <u>-</u> | <u>9,314</u> |
| Total Supporting Services | <u>936,184</u> | <u>875,495</u> | <u>744,115</u> | <u>131,380</u> | <u>970,164</u> |
| Contingency | <u>151,998</u> | <u>173,558</u> | <u>-</u> | <u>173,558</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>2,049,710</u> | <u>2,478,740</u> | <u>2,015,970</u> | <u>462,770</u> | <u>2,121,821</u> |
| CHANGE IN FUND BALANCE | <u>(229,273)</u> | <u>(250,833)</u> | <u>45,363</u> | <u>296,196</u> | <u>21,560</u> |
| BEGINNING FUND BALANCE | <u>229,273</u> | <u>250,833</u> | <u>250,833</u> | <u>-</u> | <u>229,273</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 296,196</u> | <u>\$ 296,196</u> | <u>\$ 250,833</u> |

See accompanying Independent Auditors' Report.

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 1780 - Genoa-Hugo C113
 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 | 2,856,444 | | 3,076,961 | | 2,708,518 | | 3,224,887 |
| 18 Risk Mgmt Sub-Fund of General Fund | 0 | | 0 | | 0 | | 0 |
| 19 Colorado Preschool Program Fund | 0 | | 64,193 | | 61,472 | | 2,721 |
| Sub- Total | 2,856,444 | | 3,141,154 | | 2,769,990 | | 3,227,608 |
| 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 | 31,629 | | 134,553 | | 107,460 | | 58,722 |
| 22 Govt Designated-Purpose Grants Fund | 0 | | 0 | | 0 | | 0 |
| 23 Pupil Activity Special Revenue Fund | 56,483 | | 57,647 | | 47,562 | | 66,568 |
| 24 Full Day Kindergarten Mill Levy Override | 0 | | 0 | | 0 | | 0 |
| 25 Transportation Fund | 0 | | 0 | | 0 | | 0 |
| 31 Bond Redemption Fund | 1,166,554 | | 548,002 | | 440,035 | | 1,274,521 |
| 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 | 4,111,110 | | 3,881,356 | | 3,365,047 | | 4,627,419 |
| 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: 1780 - Genoa-Hugo C113
 Fiscal Year 2020-21

Colorado School District/BOCES

| ASSETS | Governmental | | | | | | | | | | Proprietary | | | | | Fiduciary | |
|--|------------------------|------------------------|-------------------|---------------------------------|--------------------------------|-------------------------------|--------------------------------------|--------------------------|------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------|---------------------|------------------|--|
| | General Funds 10,12-18 | Charter School Fund 11 | Preschool Fund 19 | Special Revenue Funds 20, 22-29 | Supplemental Cap Const Fund 06 | Total Program Reserve Fund 07 | Food Service Special Revenue Fund 21 | Debt Service Funds 30-39 | Capital Projects Funds 40-45,47-49 | Supplemental Cap Const Fund 46 | Other Enterprise Funds 50, 52-59 | Risk-Related Activity Funds 63-64 | Other Internal Service Funds 60 | Trust & Agency Funds 70-79 | Foundations Fund 85 | Totals | |
| Cash and Investments (8100-8104,8111) | 3,386,125 | 0 | 2,721 | 66,568 | 0 | 0 | 49,818 | 1,263,674 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,768,906 | |
| Cash with Fiscal Agent (8105) | 11,328 | 0 | 0 | 0 | 0 | 0 | 0 | 4,682 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16,010 | |
| Taxes Receivable (8121,8122) | 14,948 | 0 | 0 | 0 | 0 | 0 | 0 | 6,166 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 21,114 | |
| Interfund Loans Receivable (8131,8132) | 0 | 0 | 0 | 0 | 0 | 0 | 6,514 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,514 | |
| Grants Accounts Receivable (8142) | 15,664 | 0 | 0 | 0 | 0 | 0 | 13,562 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 29,226 | |
| Other Receivables (8151-8154,8161) | 64,403 | 0 | 0 | 0 | 0 | 0 | 1,035 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 65,437 | |
| Inventories (8171,8172,8173) | 0 | 0 | 0 | 0 | 0 | 0 | 2,461 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,461 | |
| Prepaid Expenses 8181,8182) | 17,507 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17,507 | |
| Machinery and Equipment (8241,8242,8251) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Assets | 3,509,976 | 0 | 2,721 | 66,568 | 0 | 0 | 73,389 | 1,274,521 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,927,176 | |

See accompanying Independent Auditors' Report.

| | Governmental | | | | | | | | | | Proprietary | | | | Fiduciary | |
|---|------------------------|------------------------|-------------------|---------------------------------|--------------------------------|-------------------------------|--------------------------------------|--------------------------|-------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------|---------------------|----------------|
| | General Funds 10,12-18 | Charter School Fund 11 | Preschool Fund 19 | Special Revenue Funds 20, 22-29 | Supplemental Cap Const Fund 06 | Total Program Reserve Fund 07 | Food Service Special Revenue Fund 21 | Debt Service Funds 30-39 | Capital Projects Funds 40-45, 47-49 | Supplemental Cap Const Fund 46 | Other Enterprise Funds 50, 52-59 | Risk-Related Activity Funds 63-64 | Other Internal Service Funds 60 | Trust & Agency Funds 70-79 | Foundations Fund 85 | Totals |
| LIABILITIES & FUND EQUITY | | | | | | | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | | | | | | | |
| Interfund Payables (7401,7402) | 6,514 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,514 |
| Other Payables (7421-7423) | 27,007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 27,007 |
| Accrued Expenses (7461) | 244,823 | 0 | 0 | 0 | 0 | 0 | 11,076 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 255,899 |
| Payroll Ded. and Withholdings (7471-7473) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unearned Revenue (7481) | 0 | 0 | 0 | 0 | 0 | 0 | 3,591 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,591 |
| Grants Deferred Revenue (7482) | 6,746 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,746 |
| Deferred Inflow (7800) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred Inflow Grants (7801) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Liabilities | 285,089 | 0 | 0 | 0 | 0 | 0 | 14,667 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 299,757 |

See accompanying Independent Auditors' Report.

Governmental

Proprietary

Fiduciary

| FUND EQUITY | General Funds 10,12-18 | Charter School Fund 11 | Preschool Fund 19 | Special Revenue Funds 20, 22-29 | Supplemental Cap Const Fund 06 | 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 | 17,507 | 0 | 0 | 0 | 0 | 0 | 2,461 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19,969 |
| Restricted Fund Balance 6720 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,274,521 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,274,521 |
| TABOR 3% Emergency Reserve 6721 | 101,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 101,000 |
| 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 | 2,721 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,721 |
| 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 | 60,038 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 60,038 |
| 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 | 66,568 | 0 | 0 | 56,261 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 122,829 |
| Assigned Fund Balance 6760 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unassigned Fund Balance 6770 | 3,046,341 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,046,341 |
| 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 | 3,224,887 | 0 | 2,721 | 66,568 | 0 | 0 | 58,722 | 1,274,521 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,627,419 |

| | General Funds 10,12-18 | Charter School Fund 11 | Preschool Fund 19 | Special Revenue Funds 20, 22-29 | Supplemental Cap Const Fund 06 | Total Program Reserve Fund 07 | Food Service Special Revenue Fund 21 | Debt Service Funds 30-39 | Capital Projects Funds 40-45, 47-49 | Supplemental Cap Const Fund 46 | Other Enterprise Funds 50, 52-59 | Risk-Related Activity Funds 63-64 | Other Internal Service Funds 60 | Trust & Agency Funds 70-79 | Foundations Fund 85 | Totals |
|--|------------------------|------------------------|-------------------|---------------------------------|--------------------------------|-------------------------------|--------------------------------------|--------------------------|-------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------|---------------------|------------------|
| Total Liabilities & Fund Equity | 3,509,976 | 0 | 2,721 | 66,568 | 0 | 0 | 73,389 | 1,274,521 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,927,176 |

| | 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 |