

**NORTHEAST COLORADO BOARD
OF COOPERATIVE EDUCATIONAL SERVICES
HAXTUN, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
AND
SINGLE AUDIT REPORT**

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

**NORTHEAST COLORADO
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
HAXTUN, COLORADO**

ROSTER OF OFFICIALS

Year Ended June 30, 2021

Governing Board

District

Akron R-1
Buffalo RE-4J
Frenchman RE-3
Haxtun RE-2J
Holyoke RE-1J
Julesburg RE-1
Lone Star #101
Otis R-3
Plateau RE-5
Revere School District
Wray RD-2
Yuma -1

Board Member

Jessica Filla
Jason Adamson
Christa Lousberg
Jay Wisdom
Chas Lengfelder
Tammy Aulston
Brian Kuntz
Beth Wells
Tiffany Vallier
Rob McClary
Grant Bledsoe
Kim Langley

Superintendent

Brian Christensen
Robert Sanders
Steve McCracken
Darcy Garretson
Kyle Stumpf
Shawn Ehnes
Michael Bowers
Dave Eastin
Dustin Seger
Sandra Rahe
Levi Kramer
Dianna Chrisman

Management

Tamara Durbin	Executive Director
Michelle Patterson	Director of Special Education
Arlene Salyards	Director of Special Projects
Roxanne Weers	Director of Business Services

**NORTHEAST COLORADO
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
HAXTUN, COLORADO**

TABLE OF CONTENTS

	<u>PAGE</u>
Roster of Officials	
Table of Contents	
FINANCIAL SECTION	
MANAGEMENT’S DISCUSSION AND ANALYSIS (Required Supplementary Information - Unaudited)	M1 - M5
INDEPENDENT AUDITORS’ REPORT	1 - 3
BASIC FINANCIAL STATEMENTS	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	4
Statement of Activities	5
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Fund	6
Reconciliation of Governmental Fund Balances to Governmental Activities Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund	8
Reconciliation of Governmental Changes in Fund Balance to Governmental Activities Change in Net Position	9
Budgetary Comparison Statement for the General Fund	10 - 12
<i>Notes to Financial Statements</i>	13 - 43
REQUIRED SUPPLEMENTARY INFORMATION – PENSION AND OPEB SCHEDULES (Unaudited)	
Schedule of BOCES’ Proportionate Share of the Net Pension Liability	44
Schedule of BOCES Contributions	45
Schedule of BOCES’ Proportionate Share of the Net OPEB Liability	46
Schedule of BOCES Contributions	47
STATE COMPLIANCE	
Auditor’s Integrity Report	48
Bolded Balance Sheet Report	49 - 51

**NORTHEAST COLORADO
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
HAXTUN, COLORADO**

TABLE OF CONTENTS

	<u>PAGE</u>
SINGLE AUDIT COMPLIANCE	
Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance <i>Government Auditing Standards</i>	52 - 53
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	54 - 55
Schedule of Findings and Questioned Costs	56 - 57
Schedule of Expenditures of Federal Awards	58
Notes to Schedule of Expenditures of Federal Awards	59

NORTHEAST COLORADO BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

Year Ended June 30, 2021

The discussion and analysis of Northeast Board of Cooperative Educational Services' (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, budgetary comparison schedules and additional supplementary information to broaden their understanding of the BOCES' financial performance.

Financial Highlights

The BOCES' annual budget remained fairly constant. At the close of the fiscal year on June 30, 2020, the BOCES anticipated an increase in enrollment of special education students, mainly with the online school, that would impact future staffing decisions. The increased enrollment of special education students was managed through the closing of the fiscal year on June 30, 2021. Increase in revenues, because of higher special education student enrollment, were used to offset increased cost of salary and benefits for staff.

At the time of budget development, the COVID-19 pandemic was creating uncertainty regarding school finance and the Northeast BOCES, recognizing the increased financial cost of managing the COVID-19 pandemic for member districts, opted to decrease the local BOCES assessment to member districts by 5%. CARES Act funds to mitigate the COVID-19 pandemic were received during the fiscal year and were used to implement safety procedures and upgrade technology to support remote learning and video-conferencing options.

The BOCES currently has an adequate fund balance in the General Fund with enough cash on hand to meet BOCES spending obligations before reimbursement from federal programs. The annual use of fund balance as revenue is no longer practiced. The BOCES Superintendents' Advisory Council (SAC) has been supportive of plans to end the use of fund balance as revenue. The focus will be on using anticipated revenues to meet the needs of its large special education population and staff recruitment and retention challenges.

Salary and Benefits make up the greatest part of the BOCES budget and therefore are the top priority. The BOCES continues to analyze salaries annually to make sure the BOCES can compete with hospitals, other BOCES, schools and the private market to have quality personnel. BOCES managed step increases as per the salary schedule and small increases in health insurance costs over the past year and will strive to maintain a quality benefits package for employees going forward including the increases to the employee's retirement plan, PERA. Having adequate staffing for a growing population and negotiating the rising cost of benefits has been successful in recent years and will be a challenging budget goal moving forward in to the 2021-22 budget.

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.

NORTHEAST COLORADO BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

Year Ended June 30, 2021

Financial Analysis of the BOCES as a Whole

The BOCES' total net position was (\$4,257,736) as of June 30, 2021.

The Governmental Activities has an overall net position deficit of (\$4,257,736) and an unrestricted net position Deficit of (\$4,440,807), primarily due to adding the PERA net pension liability of (\$5,785,881), and net OPEB liability of (\$210,059) as further described In Note 5. As the BOCES has no control over pension benefits or contribution rates, the BOCES expects this deficit net position to continue for the foreseeable future.

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 statements of net position include all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the BOCES' net position and how they have 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 is shown as one type of activity:

Governmental Activities - The BOCES' programs and services are reported here including instruction, support services, operations and maintenance and extracurricular activities.

A condensed summary of the BOCES' net position is as follows:

	2021	2020
Assets:		
Current Assets	\$ 3,570,500	\$ 3,120,388
Capital Assets – Net	183,071	193,632
Deferred Outflows of Resources	2,013,601	1,287,945
Capital Assets & Deferred Outflows of Financial Resources	<u>5,767,172</u>	<u>4,601,965</u>
Liabilities:		
Current Liabilities	783,282	868,559
Non-current Liabilities	6,001,546	5,471,481
Deferred Inflows of Resources	3,240,080	5,139,859
Total Liabilities & Deferred Inflows of Financial Resources	<u>10,024,908</u>	<u>11,479,899</u>
Net Position:		
Net Invested in Capital Assets	183,071	193,632
Unrestricted Net Position	<u>(4,440,807)</u>	<u>(7,071,567)</u>
Total Net Position(Deficit)	<u>(4,257,736)</u>	<u>(6,877,935)</u>
Total Liabilities, Deferred Outflows and Net Position	<u>\$ 5,767,172</u>	<u>\$ 4,601,964</u>

A small portion of the BOCES' net position are invested in capital assets (equipment and buildings). The remaining unrestricted net position are available for future revenue shortfall and grant matching.

NORTHEAST COLORADO BOCES

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

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

	2021	2020
Program Revenues:		
Charges for Services	\$ 2,265,348	\$ 2,419,247
Operating Grants	4,599,918	4,349,981
Total Program Revenues	<u>6,865,266</u>	<u>6,769,228</u>
General Revenues:		
Investment Earnings	938	10,994
Miscellaneous Revenues	131,388	93,942
Total General Revenues	<u>132,326</u>	<u>104,936</u>
Total Revenues	<u>6,997,592</u>	<u>6,874,164</u>
Expenses:		
Instruction	2,199,180	2,228,204
Supporting Services	2,193,213	3,121,351
Total Expenses	<u>4,392,393</u>	<u>5,349,555</u>
Change in Net Position	<u>2,605,199</u>	<u>1,524,609</u>
Net Position - Beginning	(6,877,935)	(8,486,883)
Prior Period Restatement	15,000	84,339
Net Position - Beginning (Restated)	<u>(6,862,935)</u>	<u>(8,402,544)</u>
Net Position Ending	<u>\$ (4,257,736)</u>	<u>\$ (6,877,935)</u>

The BOCES total net position decreased by \$2,605,199 as a result of current operations, districts contributing larger amounts and PERA liability.

Reporting the BOCES' Most Significant Fund

The BOCES' major fund is the general fund. The BOCES records all activity in this fund. This fund uses 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 statement provides 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.

NORTHEAST COLORADO BOCES

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

Fund Financial Statements

As of June 30, 2021, the BOCES’ governmental general fund reported a fund balance of \$2,787,219.

The following is additional information by programmatic area:

Local revenues were \$2,430,226, State support was \$2,689,240, and federal revenues were \$1,879,345.

Capital Assets

The BOCES recorded depreciation of \$16,356 during the fiscal year.

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Governmental activities				
Capital assets being depreciated:				
Buildings	\$ 344,652	\$ -	\$ -	\$ 344,652
Equipment	123,222	5,794	-	129,016
Total capital assets being depreciated	<u>467,874</u>	<u>5,794</u>	<u>-</u>	<u>473,668</u>
Less accumulated depreciation:				
Buildings	(171,889)	(6,893)	-	(178,782)
Equipment	(102,353)	(9,463)	-	(111,816)
Total accumulated depreciation	<u>(274,242)</u>	<u>(16,356)</u>	<u>-</u>	<u>(290,598)</u>
Net Governmental Capital Assets	<u>\$ 193,632</u>	<u>\$ (10,562)</u>	<u>\$ -</u>	<u>\$ 183,070</u>

Debt Administration

In May 2017, the BOCES entered into a lease agreement for \$27,155 to purchase a copier. Monthly payment of \$525 are due through May 2022, at an interest rate of 6%. Equipment with a remaining book value of \$27,155 has been capitalized under this lease.

	Balance July 1, 2020	Advances	Payments	Balance June 30, 2021	Due Within One Year	Interest Expense
<u>Governmental Activities:</u>						
2017 Capital Lease Payments	\$ 11,380	\$ -	\$ 5,774	\$ 5,606	\$ 5,606	\$ 526

NORTHEAST COLORADO BOCES

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

General Fund Budget

The Board adopts the BOCES' budget in June of each year. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional revenues are received. The majority of changes to the General Fund budget are due to revisions in grant allocations that occur subsequent to the original adoption of the budget.

Economic Factors and Next Year's Budget

The Northeast Colorado BOCES adjusts services to meet the needs of the districts and to meet federal and state requirements. Superintendents have expressed the need for professional development, alternative teacher licensure, additional support from nurses, technology support, additional mental health support, teacher recruitment/retention, in addition to a wide range of special education services. BOCES provides these services through five sources of revenue.

District Assessments	24%
State Funding	36%
Federal Funding	26%
Grants	0%
Other Sources of Revenue	14%

The BOCES anticipates that the core programs and services will remain consistent into next year. However, BOCES will adjust to the needs of the member districts in terms of services and in terms of their capacity to fund projects. The BOCES is always considerate of the impact State and Federal Funding have on our districts when setting assessments, which make up just under one quarter of our revenue. Our small rural school districts have been hit hardest by the State's Budget Stabilization Factor and the added costs related to mitigation of COVID-19. Yet the BOCES maintains quality programming for our students and for member school district staff.

We are continually adjusting programs accordingly with the budget and grants received. All programs, services and related costs are approved by the Board of Directors through the recommendations of the Superintendents Advisory Committee, or Executive Director. Northeast Colorado BOCES will continue to fund, delivery and support educational and instructional programs to enable member districts to meet the needs of students and staff. Northeast Colorado BOCES will also continue to apply for any and all eligible funds as applicable.

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 Business Manager, PO Box 98, Haxtun, CO 80731.

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
Northeast Colorado Board of Cooperative Educational Services
Haxtun, 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 Northeast Colorado Board of Cooperative Educational Services, 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 Northeast Colorado Board of Cooperative Educational Services, as of June 30, 2021, and the respective changes in financial position and the budgetary comparison statement of the General Fund, 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 Northeast Colorado Board of Cooperative Educational Services' 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 19, 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

Emphasis of Matter

The BOCES has increased beginning net position in the General Fund and governmental activities by \$15,000. The BOCES had incurred allowable expenditures against one of its awards and had overstated unearned revenue and understated the corresponding revenue in the previous fiscal year.

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 pages 44-47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 48-51 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.

Other Reporting Required by Governmental Accounting Standards

In accordance with *Governmental Accounting Standards*, we have also issued our report dated December 3, 2021, pages 52-59 on our consideration of the Northeast Colorado Board of Cooperative Educational Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northeast Colorado Board of Cooperative Educational Services' internal control over financial reporting and compliance.

Mayberry + Company, LLC

Englewood, CO

December 3, 2021

Basic Financial Statement

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Statement of Net Position
June 30, 2021

	Governmental Activities
	<hr/>
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Assets	
Current Assets	
Cash and Investments	\$ 2,957,141
Grants Receivable	557,054
Other Accounts Receivable	56,305
Capital and Other Assets	
Capital Assets Being Depreciated, net	<u>183,071</u>
Total Assets	<u>3,753,571</u>
Deferred Outflows of Financial Resources	
Net Pension Deferred Outflows	1,997,791
Net OPEB Deferred Outflows	<u>15,810</u>
Total Deferred Outflows of Financial Resources	<u>2,013,601</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>\$ 5,767,172</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 58,399
Accrued Salaries & Benefits	347,945
Unearned Revenue Grants	376,938
Noncurrent Liabilities	
Due Within One Year	5,606
Other Long Term Liabilities	<u>5,995,940</u>
Total Liabilities	<u>6,784,828</u>
Deferred Inflows of Financial Resources	
Net Pension Deferred Inflows	3,136,150
Net OPEB Deferred Inflows	<u>103,930</u>
Total Deferred Inflows of Financial Resources	<u>3,240,080</u>
Net Position	
Net Investment in Capital Assets	183,071
Unrestricted Net Position	<u>(4,440,807)</u>
Total Net Position	<u>(4,257,736)</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS AND NET POSITION	<u>\$ 5,767,172</u>

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

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

Statement of Activities

For the Year Ended June 30, 2021

Functions/Programs	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position
Primary Government				
Governmental Activities				
Instruction	\$ 2,199,180	\$ -	\$ 2,671,247	\$ 472,067
Supporting Services	<u>2,193,213</u>	<u>2,265,348</u>	<u>1,928,671</u>	<u>2,000,806</u>
Total Primary Government	<u>\$ 4,392,393</u>	<u>\$ 2,265,348</u>	<u>\$ 4,599,918</u>	<u>2,472,873</u>
General Revenues				
Investment Earnings				938
Other Revenues				<u>131,388</u>
Total General Revenues and Transfers				<u>132,326</u>
Change in Net Position				<u>2,605,199</u>
Beginning Net Position				(6,877,935)
Prior Period Restatement				<u>15,000</u>
Beginning Net Position (As Restated)				<u>(6,862,935)</u>
Ending Net Position				<u>\$ (4,257,736)</u>

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

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Balance Sheet
Governmental Funds
General Fund
June 30, 2021
(With Comparative Totals for June 30, 2020)

	<u>Totals</u>	
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Investments	\$ 2,957,141	\$ 2,742,790
Grants Receivable	557,054	332,460
Other Accounts Receivable	56,305	45,138
TOTAL ASSETS	<u>\$ 3,570,500</u>	<u>\$ 3,120,388</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 58,399	\$ 29,500
Accrued Salaries & Benefits	347,945	334,231
Unearned Revenue	-	32,010
Unearned Revenue Grants	376,938	472,818
Total Liabilities	<u>783,282</u>	<u>868,559</u>
Deferred Inflows of Financial Resources		
Fund Balance		
Unassigned Fund Balance	<u>2,787,218</u>	<u>2,251,829</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 3,570,500</u>	<u>\$ 3,120,388</u>

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

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

Fund Balance - Governmental Funds		\$	2,787,218
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, being depreciated	473,669		
Accumulated depreciation	<u>(290,598)</u>		183,071
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	1,997,791		
Net pension liability	(5,785,881)		
Net pension deferred inflows	<u>(3,136,150)</u>		(6,924,240)
OPEB Liability			
Net OPEB deferred outflows	15,810		
Net OPEB liability	(210,059)		
Net OPEB deferred inflows	<u>(103,930)</u>		(298,179)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Capital leases payable			<u>(5,606)</u>
Total Net Position - Governmental Activities		\$	<u><u>(4,257,736)</u></u>

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

NORTHEAST COLORADO 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	\$ 2,429,711	\$ 2,656,786
State Sources	2,689,240	2,666,115
Federal Sources	1,878,642	1,551,263
TOTAL REVENUES	<u>6,997,593</u>	<u>6,874,164</u>
EXPENDITURES		
Current:		
Instruction	2,819,758	2,498,783
Pupil Support	1,224,222	1,268,817
Staff Support	898,380	962,236
General Administration	138,351	136,052
School Administration	112,319	101,856
Business Services	729,296	744,504
Operations and Maintenance	138,171	61,814
Other Central Support	159,191	387,015
Risk Management	44,077	38,089
Other Supporting Services	150,740	94,437
Community Support	56,398	53,709
Debt Service	6,300	-
TOTAL EXPENDITURES	<u>6,477,203</u>	<u>6,347,312</u>
CHANGE IN FUND BALANCE	<u>520,390</u>	<u>526,852</u>
BEGINNING FUND BALANCE	2,251,829	1,724,977
Prior Period Adjustment	15,000	-
BEGINNING FUND BALANCE (As Restated)	<u>2,266,829</u>	<u>1,724,977</u>
ENDING FUND BALANCE	<u>\$ 2,787,219</u>	<u>\$ 2,251,829</u>

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

NORTHEAST COLORADO 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	\$	520,390
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Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level

Capitalized Asset Purchases	5,796	
Depreciation Expense	<u>(16,356)</u>	\$ (10,560)

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	727,521	
Change in net pension liability	(570,824)	
Current year change and amortization of deferred inflows - net	<u>1,919,950</u>	2,076,647

OPEB Liability		
Current year change and amortization of deferred outflows - net	(1,865)	
Change in OPEB liability	46,365	
Current year change and amortization of deferred inflows - net	<u>(20,171)</u>	24,329

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

Principal payments on capital leases	<u>(5,606)</u>
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Total Net Position - Governmental Activities	<u>\$ 2,605,200</u>
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The accompanying footnotes are an integral part of these financial statements.

NORTHEAST COLORADO 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	Final	Actual	Variance	2020
	Budget	Budget		with Final	Actual
REVENUES					
Local Sources					
Investment Earnings	\$ -	\$ -	\$ 938	\$ 938	\$ 10,994
Donations	-	32,000	32,037	37	132,604
Local BOCES Passthrough	2,440,754	2,534,429	2,058,340	(476,089)	2,246,876
Overhead Cost Revenue	-	-	50,643	50,643	69,281
Indirect Cost Revenue	-	-	156,365	156,365	103,090
Other Local	-	-	131,388	131,388	93,940
Total Local Sources	<u>2,440,754</u>	<u>2,566,429</u>	<u>2,429,711</u>	<u>(136,718)</u>	<u>2,656,785</u>
State Sources					
State Grants from CDE					
State ECEA (Special Education)	1,349,805	1,425,697	1,855,078	429,381	1,596,195
State Gifted and Talented	93,939	49,926	160,170	110,244	148,364
Expelled and At Risk Students	20,000	-	10,411	10,411	15,008
Read to Achieve	-	-	-	-	5,539
Counselor Grant	160,000	160,000	140,603	(19,397)	167,385
Implementing State Educational Priorities	165,000	165,000	174,392	9,392	147,608
Stipends for Board Certified Educators	-	-	-	-	3,200
School Health Professional Grant	-	20,000	23,622	3,622	-
Gifted Ed - Univ Screening and Qualified Persnl	79,110	79,110	20,364	(58,746)	21,103
Retaining Teachers Grant	199,040	199,040	84,143	(114,897)	322,156
Imp Ed Stability for Foster Youth Grant	-	-	-	-	752
Ninth Grade Success Grant	-	-	-	-	591
Local Accountability Systems Grant	-	23,574	23,574	-	-
State Grants from Other Agencies					
State PERA Contribution	-	-	-	-	50,100
School to Work Alliance Program (SWAP)	323,765	323,765	161,883	(161,882)	152,206
Other Agency State Grants	35,000	130,344	35,000	(95,344)	35,908
Total State Sources	<u>2,425,659</u>	<u>2,576,456</u>	<u>2,689,240</u>	<u>112,784</u>	<u>2,666,115</u>
Federal Sources					
Federal Grants from CDE					
NCLB Title I, Part A- Imp Basic Pgrms Oper by Sch	223,436	341,780	330,371	(11,409)	223,436
Coronavirus Relief Fund	-	-	24,273	24,273	727
Special Education: Grnts to States - IDEA Part B	977,431	977,431	1,016,916	39,485	923,018
IDEA Part B- Special Education Preschool	41,557	41,557	41,771	214	41,557
NCLB Title III, Part A- Eng Lang Acq	17,809	20,533	22,296	1,763	16,045
NCLB Title II, Part A- Teacher & Principal Trng	31,890	41,743	47,870	6,127	25,594
ESSA, Title IV-A: Stud Supp and Acad Enrich Grants	80,000	90,000	72,925	(17,075)	78,908
IDEA Part C - Child Find	-	-	-	-	1,075
Ed Stab Fd - Elem Sec Emer Relief Discretionary	-	64,863	48,874	(15,989)	-
CRF: Safe schools Reopening Grant	-	85,000	85,000	-	-
Federal Grants from Other State Agencies					
Carl Perkins Voc & App Tech Ed Act, Title I Voc Ed	174,000	174,000	121,086	(52,914)	174,448
Medicaid	5,000	5,000	937	(4,063)	2,524
Federal Provided through BOCES	-	-	66,324	66,324	63,931
Total Federal Sources	<u>1,551,123</u>	<u>1,841,907</u>	<u>1,878,643</u>	<u>36,736</u>	<u>1,551,263</u>
TOTAL REVENUES	<u>6,417,536</u>	<u>6,984,792</u>	<u>6,997,594</u>	<u>12,802</u>	<u>6,874,163</u>

See the accompanying Independent Auditors' Report

(Continued)

NORTHEAST COLORADO 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
	Original Budget	Final Budget	Actual	Variance with Final Budget	
(Continued)					
EXPENDITURES					
Instruction					
Salaries	660,322	694,004	641,745	52,259	581,275
Benefits	247,299	262,849	224,386	38,463	208,248
PS-Professional	14,000	14,000	13,458	542	15,212
PS-Other	1,555,844	1,765,087	1,921,798	(156,711)	1,666,114
Supplies	40,000	40,000	18,371	21,629	27,933
Total Instruction	<u>2,517,465</u>	<u>2,775,940</u>	<u>2,819,758</u>	<u>(43,818)</u>	<u>2,498,782</u>
Supporting Services					
Pupil Support					
Salaries	908,750	937,150	721,126	216,024	761,744
Benefits	318,820	327,815	258,220	69,595	281,006
PS- Professional	45,500	68,454	91,077	(22,623)	78,677
PS-Other	154,865	174,065	100,349	73,716	119,998
Supplies	17,003	44,067	34,264	9,803	20,523
Property	3,000	3,000	11,790	(8,790)	3,604
Other Expenses	3,182	19,794	7,396	12,398	3,265
Total Pupil Support	<u>1,451,120</u>	<u>1,574,345</u>	<u>1,224,222</u>	<u>350,123</u>	<u>1,268,817</u>
Staff Support					
Salaries	341,497	352,654	354,154	(1,500)	327,527
Benefits	133,362	140,966	133,378	7,588	117,349
PS- Professional	149,490	154,065	68,835	85,230	69,580
PS-Other	125,840	192,196	245,678	(53,482)	281,919
Supplies	94,508	99,344	56,208	43,136	127,988
Property	4,000	17,600	15,385	2,215	5,653
Other Expenses	18,573	15,928	24,741	(8,813)	32,220
Total Staff Support	<u>867,270</u>	<u>972,753</u>	<u>898,379</u>	<u>74,374</u>	<u>962,236</u>
General Administration					
Salaries	82,000	82,000	82,000	-	99,132
Benefits	29,141	29,141	27,039	2,102	30,409
PS-Other	11,000	11,000	5,138	5,862	5,656
Supplies	-	23,574	23,574	-	-
Other Expenses	700	700	600	100	855
Total General Administration	<u>122,841</u>	<u>146,415</u>	<u>138,351</u>	<u>8,064</u>	<u>136,052</u>
School Administration					
Salaries	75,077	75,077	78,375	(3,298)	69,385
Benefits	36,629	36,629	33,944	2,685	32,471
Total School Administration	<u>111,706</u>	<u>111,706</u>	<u>112,319</u>	<u>(613)</u>	<u>101,856</u>

See the accompanying Independent Auditors' Report

(Continued)

NORTHEAST COLORADO 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	213,580	213,580	213,580	-	195,541
Benefits	84,293	84,293	82,619	1,674	73,048
PS- Professional	322,619	322,619	330,375	(7,756)	284,349
PS-Other	63,800	63,100	12,741	50,359	59,126
Supplies	88,500	88,500	70,343	18,157	104,409
Other Expenses	18,025	18,025	19,639	(1,614)	28,031
Total Business Services	<u>790,817</u>	<u>790,117</u>	<u>729,297</u>	<u>60,820</u>	<u>744,504</u>
Operations and Maintenance					
Salaries	12,000	12,000	12,141	(141)	12,297
Benefits	2,922	2,922	2,955	(33)	2,797
PS- Professional	4,300	14,985	16,230	(1,245)	4,313
PS- Property	15,700	15,700	14,190	1,510	14,130
PS-Other	-	182	182	-	-
Supplies	7,000	72,209	91,354	(19,145)	10,541
Property	14,000	14,000	1,120	12,880	17,736
Total Operations and Maintenance	<u>55,922</u>	<u>131,998</u>	<u>138,172</u>	<u>(6,174)</u>	<u>61,814</u>
Transportation					
PS-Other	1,000	1,000	-	1,000	-
Other Central Support					
PS- Professional	114,745	121,204	66,161	55,043	321,921
PS-Other	102,095	102,095	65,269	36,826	18,480
Supplies	34,440	33,500	16,756	16,744	19,614
Property	5,000	5,000	-	5,000	-
Other Expenses	-	-	11,005	(11,005)	27,000
Total Other Central Support	<u>256,280</u>	<u>261,799</u>	<u>159,191</u>	<u>102,608</u>	<u>387,015</u>
Risk Management					
PS-Other	48,424	48,771	44,077	4,694	38,089
Other Supporting Services					
PS-Other	-	-	-	-	35
Supplies	5,000	5,000	-	5,000	-
Other Expenses	123,954	149,231	150,740	(1,509)	94,402
Total Other Supporting Services	<u>128,954</u>	<u>154,231</u>	<u>150,740</u>	<u>3,491</u>	<u>94,437</u>
Community Support					
Salaries	44,848	44,848	44,847	1	42,944
Benefits	10,920	10,900	10,920	(20)	9,837
PS- Professional	500	500	-	500	-
PS-Other	1,036	1,036	-	1,036	-
Supplies	1,000	1,000	631	369	928
Total Community Support	<u>58,304</u>	<u>58,284</u>	<u>56,398</u>	<u>1,886</u>	<u>53,709</u>
Total Supporting Services	<u>3,892,638</u>	<u>4,251,419</u>	<u>3,651,146</u>	<u>600,273</u>	<u>3,848,529</u>
Debt Service					
Interest	1,100	1,100	-	1,100	-
Principal	6,333	6,333	6,300	33	-
Total Debt Service	<u>7,433</u>	<u>7,433</u>	<u>6,300</u>	<u>1,133</u>	<u>-</u>
TOTAL EXPENDITURES	<u>6,417,536</u>	<u>7,034,792</u>	<u>6,477,204</u>	<u>557,588</u>	<u>6,347,311</u>
CHANGE IN FUND BALANCE	-	(50,000)	520,390	570,390	526,852
BEGINNING FUND BALANCE	1,640,637	1,640,637	2,251,829	611,192	1,724,977
PRIOR PERIOD RESTATEMENT	-	-	15,000	15,000	-
BEGINNING FUND BALANCE (As Restated)	<u>1,640,637</u>	<u>1,640,637</u>	<u>2,266,829</u>	<u>626,192</u>	<u>1,724,977</u>
ENDING FUND BALANCE	<u>\$ 1,640,637</u>	<u>\$ 1,590,637</u>	<u>\$ 2,787,219</u>	<u>\$ 1,196,582</u>	<u>\$ 2,251,829</u>

See accompanying Independent Auditors' Report.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Based upon the application of these criteria, no governmental organizations are includable within the BOCES' reporting entity.

Basis of Presentation

Government-wide Financial Statements

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

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

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

Fund Financial Statements

The fund financial statements provide information about the BOCES' funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds would be aggregated and reported as non-major funds. Any fiduciary funds are presented separately. The BOCES presently does not treat any of its funds as non-major, and does not have any proprietary or fiduciary funds.

The BOCES reports the following major governmental fund:

General Fund - This fund is the general operating fund of the BOCES. It is used to account for all financial resources.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The BOCES considers all revenues reported in the governmental funds to be available as allowed by the per pupil operating revenue formula approved by the State legislature or within sixty days after year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end. The BOCES adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. By May 31, the Executive Director submits to the Board a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at year end.
- Public hearings are conducted by the Board to obtain comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or as revised by the Board.

NORTHEAST COLORADO 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

Cash - The BOCES pools cash resources of its various operations in order to facilitate the management of cash. Cash is pooled in interest bearing accounts which are legally authorized. Cash applicable to a particular operation is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

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

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

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

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	50 years
Other Equipment	7 years

Long-Term Debt – The BOCES capital lease is shown as an expenditure in the General Fund. For the government-wide presentation, principal payments are reclassified as reductions in the outstanding obligation balances.

Unearned Revenues - The unearned revenues include governmental grants and other donations which have been received but not yet earned as service has not been provided.

Vacation, Sick Leave, and Other Compensated Absences - The BOCES employees do not vest in compensated absences for vacation, sick leave or other compensated absences unless specifically authorized by the Executive Director on a case by case basis. No material leave carryovers existed as of June 30, 2021.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element 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 8.

NORTHEAST COLORADO 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)

In addition to liabilities, the statement of financial position reports 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 deferred inflows for pension and OPEB related deferrals as further described in Notes 6 and 8. The BOCES also reports deferred inflows related to unspent grant and donation receipts.

Net Position/Fund Balances

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.

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, is 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 remaining fund balance in the General Fund is presented as unassigned.

NORTHEAST COLORADO 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

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/Expenses

Revenues and Expenditures/Expenses – Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax 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.

NOTE 2: CASH AND INVESTMENTS

A summary of deposits and investments at June 30, 2021, follows:

Cash deposits	\$	2,191,056
Investments		<u>766,085</u>
Total Cash and Investments	\$	<u>2,957,141</u>

Deposits

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2021, State regulatory commissioners have indicated that all financial institutions holding deposits for the BOCES are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution 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.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

Deposits are categorized by type of credit risk: (1) Insured or collateralized with securities held by the entity or by its agent in the entity's name. (2) Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. (3) Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized (Not held in the BOCES' name)	<u>2,094,415</u>	<u>1,941,056</u>
Total	<u>\$ 2,344,415</u>	<u>\$ 2,191,056</u>

Investments

The BOCES had invested in the Colorado Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of Colotrust consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions of Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by Colotrust. The fair value of the position in the pool is the same as the valuation of the pool shares.

Cash Invested – Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The allowed investments include local government investment pools and obligations of the United States Government.

Interest Rate Risk – 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.

Credit Risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations.

The BOCES has no investments policy that would further limit its investment choices. At June 30, 2021 the BOCES' investment in the Colorado Government Liquid Assets Trust (Colotrust) was rated AAAM by Standard & Poor's.

Concentration of Credit Risk – The BOCES Board has placed no limit on the amount the BOCES may invest in any one issuer.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: CAPITAL ASSETS

Activity for governmental activity capital assets is summarized below:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Governmental activities				
Capital assets being depreciated:				
Buildings	\$ 344,652	\$ -	\$ -	\$ 344,652
Equipment	<u>123,222</u>	<u>5,794</u>	<u>-</u>	<u>129,016</u>
Total capital assets being depreciated	<u>467,874</u>	<u>5,794</u>	<u>-</u>	<u>473,668</u>
Less accumulated depreciation:				
Buildings	(171,889)	(6,893)	-	(178,782)
Equipment	<u>(102,353)</u>	<u>(9,463)</u>	<u>-</u>	<u>(111,816)</u>
Total accumulated depreciation	<u>(274,242)</u>	<u>(16,356)</u>	<u>-</u>	<u>(290,598)</u>
Net Governmental Capital Assets	<u>\$ 193,632</u>	<u>\$ (10,562)</u>	<u>\$ -</u>	<u>\$ 183,070</u>

Depreciation has been allocated for the statement of activities as follows:

Depreciation Allocation	
Instruction	\$ 7,127
Supporting Services	<u>9,229</u>
Total	<u>\$ 16,356</u>

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

NOTE 4: ACCRUED SALARY AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2021, are \$347,945. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 5: LONG TERM OBLIGATIONS

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

	<u>Balance</u> <u>July 1, 2020</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>	<u>Interest</u> <u>Expense</u>
<u>Governmental Activities:</u>						
2017 Capital Lease Payments	\$ 11,380	\$ -	\$ 5,774	\$ 5,606	\$ 5,606	\$ 526

Capital Lease

In May 2017, the BOCES entered into a lease agreement for \$27,155 to purchase a copier. Monthly payments of \$525 are due through May 2022, at an interest rate of 6%. Equipment with a remaining book value of \$27,155 has been capitalized under this lease. In the event of default, the equipment must be returned, require payment of all amounts due, and require payment of all remaining payments due under the initial lease term.

The future minimum capital lease payments at June 30, 2021, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 5,775
Total Future Minimum Payments	5,775
Less: Interest at 6.0%	(169)
Present Value of Payments	<u>\$ 5,606</u>

NOTE 6: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The BOCES participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (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.

NORTHEAST COLORADO 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

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.

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.

NORTHEAST COLORADO 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)

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.

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

	July 1, 2020 Through Dec 31, 2020
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).

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

As 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 \$401,790 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.

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.

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

At June 30, 2021, the BOCES reported a liability of \$5,785,881 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	\$ (5,785,881)
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$ -
Total	\$ (5,785,881)

At December 31, 2020, the BOCES proportion was 0.03827 percent, which was an increase of 0.00336 from its proportion measured as of December 31, 2019.

NORTHEAST COLORADO 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)

For the year ended June 30, 2021, the BOCES recognized pension expense of \$1,661,020 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	\$ 305,863	\$ -
Changes of assumptions or other inputs	\$ 556,584	\$ (937,659)
Net difference between projected and actual earnings on pension plan investments	\$ 389,611	\$ (1,650,391)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 538,769	\$ (548,100)
Contributions subsequent to the measurement date	\$ 206,964	\$ -
Total	\$ 1,997,791	\$ (3,136,150)

\$206,964 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	\$ (1,258,127)
2023	245,439
2024	(131,718)
2025	(200,917)
Total	\$ (1,345,323)

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:

NORTHEAST COLORADO 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)

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 struture 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.

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.

NORTHEAST COLORADO 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)

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 struture 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.

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.

NORTHEAST COLORADO 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 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.

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.

NORTHEAST COLORADO 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)

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.
- 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.

NORTHEAST COLORADO 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)

- 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (7,892,415)	\$ (5,785,881)	\$ (4,030,443)

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.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 \$22,360.

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.

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.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Summary of Significant Accounting Policies (Continued)

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.

General Information about the OPEB Plan

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.

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.

NORTHEAST COLORADO 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)

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 \$20,852 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 \$210,059 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.

At December 31, 2020, the BOCES proportion was 0.02211 percent, which was a decrease of 0.00071 from its proportion measured as of December 31, 2019.

NORTHEAST COLORADO 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)

For the year ended June 30, 2021, the BOCES recognized OPEB expense of \$3,056. 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	\$ 649	\$ (47,267)
Net difference between projected and actual earnings on pension plan investments	\$ 2,894	\$ (11,585)
Changes of assumptions or other inputs	\$ 1,687	\$ (12,880)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (32,198)
Contributions subsequent to the measurement date	\$ 10,580	\$ -
Total	\$ 15,810	\$ (103,930)

\$10,580 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	\$ (24,666)
2023	(23,268)
2024	(23,958)
2025	(19,108)
2026	(7,239)
2027	(461)
Total	\$ (98,700)

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:

NORTHEAST COLORADO 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:

	Cost for Members Without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Plan			
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.

NORTHEAST COLORADO 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:

- **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.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions 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.

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	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

NORTHEAST COLORADO 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)

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

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

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

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

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

- **Males:** 112 percent of the rates prior to age 80 and 94 percent 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.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table 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 for Members other than State Troopers 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.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

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

- 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:

NORTHEAST COLORADO 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)

- 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.

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:

NORTHEAST COLORADO 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 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)	\$ (204,630)	\$ (210,059)	\$ (216,380)

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.

NORTHEAST COLORADO 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)	\$ (240,627)	\$ (210,059)	\$ (183,942)

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: 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.

As discussed previously the BOCES is a member of the Colorado School Districts’ Self-Insurance Pool. The pool 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.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 9: RISK MANAGEMENT

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.

Worker's Compensation. The BOCES purchases commercial insurance for its workers compensation coverage. Claims have not exceeded coverage during the past three years.

Health Insurance. The BOCES participates in the Colorado Boards of Education Self-Funded Trust, Inc. ("BEST") for its employee health coverage. BEST was formed to assist individual school districts and BOCES in acquiring favorable rates for health care benefits as well as access to major health care providers by pooling coverage for multiple districts. BEST is funded through contributions from member districts and obtains stop loss coverage for claims in excess of predetermined limits. To join the trust, member employers agree to exclusively offer the BEST health plans to their employees and accept certain financial risk for offering such health benefit plans. The underwriting manual describes how financial risk is attributed to each member employer, the basis for the monthly contribution calculation, financial contribution requirements and financial reconciliation upon termination. Financial contributions in the form of monthly contributions and initial and annual claims fluctuation reserves are actuarially determined. BEST maintains detailed records to account for all member employer activity. In order to insure minimal funding, if BEST determines that a member employer is underfunded, BEST may utilize other member employer claims fluctuation reserves or other surpluses to offset the funding within the same tier. Each employer member is charged a minimum of 10% of its projected annual claims costs for the plan year as a claims fluctuation reserve.

This BOCES exposure as a Tier 1 member employer is for incurred claims up to \$24,999 per year for level one risk claims and the employer level, and level two risk is from \$25,000 to \$49,999 shared at the tier level (all tier members share in the risk). If at any point, the member employer's level one fund is insufficiently funded to pay incurred claims, BEST may transfer assets from the claims fluctuation reserve, or request the employer to immediately provide additional funds, or BEST may require funding within four months from the date of notice.

Effective with the June 30, 2015 fiscal year, BEST no longer provides claim activity; however, the BOCES has not been notified that they have a negative reserve balance as of June 30, 2021. Should the balance become negative the BOCES recognizes that funding may be required should they terminate membership in BEST.

NOTE 10: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES AND COMPLIANCE

Claims and Judgments - The BOCES participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the BOCES may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by state and federal agencies, but the BOCES believes that disallowed expenditures, if any, based on subsequent state and federal audits will not have a material effect on any of the individual governmental funds or the overall financial position of the BOCES.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 10: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES AND COMPLIANCE

(Continued)

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

NOTE 11: PRIOR PERIOD RESTATEMENT

The BOCES has increased beginning net position in the General Fund and governmental activities by \$15,000. The BOCES had incurred allowable expenditures against one of its awards and had overstated unearned revenue and understated the corresponding revenue in the previous fiscal year.

NOTE 12: DEFICIT NET POSITION

The Governmental Activities has an overall net position deficit of \$4,257,034 and an unrestricted net position deficit of \$4,440,807, primarily due to adding the PERA net pension liability of \$5,785,881 and related net deferrals, and net OPEB liability of \$210,059, as further described in Notes 5 and 7. As the BOCES has no control over pension benefits or contribution rates, the BOCES expects this deficit net position to continue for the foreseeable future.

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REQUIRED SUPPLEMENTARY INFORMATION
(Pension and OPEB Schedules - Unaudited)

**NORTHEAST COLORADO 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	0.000494%	\$ (6,303,888)	\$ -	\$ (6,303,888)	\$ 1,992,395	316.40%	64.07%
June 30, 2015	0.049424%	\$ (6,898,632)	\$ -	\$ (6,898,632)	\$ 2,070,518	333.18%	62.84%
June 30, 2016	0.048356%	\$ (7,395,593)	\$ -	\$ (7,395,593)	\$ 2,107,312	350.95%	59.16%
June 30, 2017	0.046198%	\$ (13,754,903)	\$ -	\$ (13,754,903)	\$ 2,050,821	670.70%	43.13%
June 30, 2018	0.452710%	\$ (14,638,917)	\$ -	\$ (14,638,917)	\$ 2,088,282	701.00%	43.96%
June 30, 2019	0.036898%	\$ (6,533,585)	\$ (785,914)	\$ (7,319,499)	\$ 2,028,495	322.09%	57.01%
June 30, 2020	0.034907%	\$ (5,215,057)	\$ (587,009)	\$ (5,802,066)	\$ 2,038,137	255.87%	64.52%
June 30, 2021	0.038272%	\$ (5,785,881)	\$ -	\$ (5,785,881)	\$ 1,067,926	541.79%	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.

NORTHEAST COLORADO 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	\$ 309,419	\$ (309,419)	\$ -	\$ 1,992,395	15.53%
June 30, 2015	\$ 340,186	\$ (340,186)	\$ -	\$ 2,070,518	16.43%
June 30, 2016	\$ 365,197	\$ (365,197)	\$ -	\$ 2,107,312	17.33%
June 30, 2017	\$ 371,814	\$ (371,814)	\$ -	\$ 2,050,821	18.13%
June 30, 2018	\$ 389,047	\$ (389,047)	\$ -	\$ 2,088,282	18.63%
June 30, 2019	\$ 388,051	\$ (388,051)	\$ -	\$ 2,028,495	19.13%
June 30, 2020	\$ 394,991	\$ (394,991)	\$ -	\$ 2,038,137	19.38%
June 30, 2021	\$ 206,964	\$ (206,964)	\$ -	\$ 1,067,926	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.

**NORTHEAST COLORADO 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⁾**

<u>Fiscal Year Ended</u>	<u>BOCES' proportion of the net OPEB asset (liability)</u>	<u>BOCES' share of the net OPEB asset (liability)</u>	<u>BOCES' covered payroll</u>	<u>BOCES' proportionate share of the net OPEB 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, 2017	0.026073%	\$ (338,042)	\$ 2,050,821	16.483%	16.70%
June 30, 2018	0.025723%	\$ (334,291)	\$ 2,088,282	16.008%	17.53%
June 30, 2019	0.023984%	\$ (326,313)	\$ 2,028,495	16.086%	17.03%
June 30, 2020	0.022814%	\$ (256,424)	\$ 2,038,137	12.581%	24.49%
June 30, 2021	0.022106%	\$ (210,059)	\$ 1,067,926	19.670%	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.

NORTHEAST COLORADO 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	\$ 20,918	\$ (20,918)	\$ -	\$ 2,050,821	1.02%
June 30, 2018	\$ 21,300	\$ (21,300)	\$ -	\$ 2,088,282	1.02%
June 30, 2019	\$ 20,691	\$ (20,691)	\$ -	\$ 2,028,495	1.02%
June 30, 2020	\$ 20,789	\$ (20,789)	\$ -	\$ 2,038,137	1.02%
June 30, 2021	\$ 10,893	\$ (10,893)	\$ -	\$ 1,067,926	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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STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 9040 - Northeast BOCES
 Fiscal Year 2020-21
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	2,266,829		6,997,593		6,477,204		2,787,218
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
Sub- Total	2,266,829		6,997,593		6,477,204		2,787,218
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
07 Total Program Reserve Fund	0		0		0		0
21 Food Service Spec Revenue Fund	0		0		0		0
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	0		0		0		0
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	0		0		0		0
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	0		0		0		0
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	0		0		0		0
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	0		0		0		0
79 GASB 34:Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	0		0		0		0

FINAL



Colorado Department of Education

Bolded Balance Sheet Report

District: 9040 - Northeast BOCES

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)	2,957,141	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,957,141	
Grants Accounts Receivable (8142)	557,054	0	0	0	0	0	0	0	0	0	0	0	0	0	0	557,054	
Other Receivables (8151-8154,8161)	56,306	0	0	0	0	0	0	0	0	0	0	0	0	0	0	56,306	
Total Assets	3,570,501	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,570,501	

	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																
Other Payables (7421-7423)	58,399	0	0	0	0	0	0	0	0	0	0	0	0	0	0	58,399
Accrued Expenses (7461)	347,945	0	0	0	0	0	0	0	0	0	0	0	0	0	0	347,945
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	376,938	0	0	0	0	0	0	0	0	0	0	0	0	0	0	376,938
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	783,283	0	0	0	0	0	0	0	0	0	0	0	0	0	0	783,283

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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR 3% Emergency Reserve 6721	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Program Reserve 6728	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	2,772,218	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,772,218
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	15,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15,000
Total Fund Equity	2,787,218	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,787,218

	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	3,570,501	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,570,501

	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

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SINGLE AUDIT COMPLIANCE

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
Northeast Colorado Board of Cooperative
Educational Services
Haxtun, Colorado

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance *Government Auditing Standards*

Independent Auditors' Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of Northeast Colorado Board of Cooperative Educational Services (the "BOCES") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements, and have issued our report thereon dated December 3, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mayberry + Company. LLC

Englewood, Colorado
December 3, 2021

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
Northeast Colorado Board of Cooperative
Educational Services
Haxtun, Colorado

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Report on Compliance for Each Major Federal Program

We have audited the Northeast Colorado Board of Cooperative Educational Services' (the "BOCES") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the BOCES' major federal programs for the year ended June 30, 2021. The BOCES' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the BOCES' compliance.

Opinion on Each Major Federal Program

In our opinion, the BOCES' complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and major fund of the BOCES as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements. We issued our report thereon dated December 3, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Mayberry + Company, LLC

Englewood, Colorado
December 3, 2021

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x no

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x no

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? _____ yes x no

Identification of major programs:

- 84.027 Special Education Grants to States
- 84.173 Special Education Preschool Grants

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? x yes _____ no

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2021

II - Findings relating to the financial statement audit as required to be reported in accordance with generally accepted government auditing standards

A. Material Weaknesses in Internal Control

The audit of the financial statements of the Northeast Colorado Board of Cooperative Educational Services, as of and for the year ended June 30, 2021, did not disclose any material weaknesses or significant deficiencies in internal controls.

B. Compliance Findings

The audit of the financial statements of the Northeast Colorado Board of Cooperative Educational Services, as of and for the year ended June 30, 2021, did not disclose any instances of noncompliance with requirements with certain provisions of laws, regulations, and grants that were material to those financial statements.

III - Findings and Questioned Costs for Federal Awards

A. Material Weaknesses in Internal Control

The audit of the major programs of the Northeast Colorado Board of Cooperative Educational Services, as of and for the year ended June 30, 2021, did not disclose any material weaknesses or significant deficiencies in internal controls over grant compliance requirements.

B. Compliance Findings

The audit of the major programs of the Northeast Colorado Board of Cooperative Educational Services, as of and for the year ended June 30, 2021, did not disclose any instances of noncompliance with requirements with certain provisions of laws, regulations, and grants that were material to those financial statements.

C. Questioned Costs

None noted.

VI – Schedule of Prior Year Findings

None.

NE Colo BOCES
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Additional Award Identification</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures</i>
Special Education Cluster (IDEA)-Cluster				
Department of Education				
Special Education_Grants to States	84.027		Colo Dept of Education,4027	\$ 1,016,916
Special Education_Preschool Grants	84.173		Colo Dept of Education,4173	<u>41,771</u>
Total Special Education Cluster (IDEA)-Cluster				<u>1,058,687</u>
Other Programs				
Department of Education				
Title I Grants to Local Educational Agencies	84.010		Colo Dept of Education,4010 Colorado Community College	330,371
Career and Technical Education -- Basic Grants to States	84.048		System,4048	121,086
English Language Acquisition State Grants	84.365		Colo Dept of Education,4365	22,296
Improving Teacher Quality State Grants	84.367		Colo Dept of Education,4367	47,870
Student Support and Academic Enrichment Program	84.424		Colo Dept of Education,4424	72,925
Education Stabilization Fund	84.425D	COVID -19	Colo Dept of Education,5425	<u>48,873</u>
<i>Total Department of Education</i>				643,421
Department of the Treasury				
Coronavirus Relief Fund	21.019	COVID -19	Colo Dept of Education,4012	24,273
Coronavirus Relief Fund	21.019	COVID -19	Colo Dept of Education,6012	<u>85,000</u>
<i>Total Department of the Treasury</i>				<u>109,273</u>
Total Other Programs				<u>752,694</u>
Total Expenditures of Federal Awards				<u>\$ 1,811,381</u>

The accompanying notes are an integral part of this schedule

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: 10% DE MINIMIS INDIRECT COST RATE

The BOCES did not utilize the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4: SUBRECIPIENTS

There were no subrecipients that received funding from the BOCES for the fiscal year.