

Uncompahgre Board of Cooperative Services

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2021

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

November 15, 2021

The Board of Directors
Uncompahgre Board of Cooperative Services

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the BOCS' 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 BOCS' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Uncompahgre Board of Cooperative Services as of June 30, 2021, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Board of Directors
Uncompahgre Board of Cooperative Services
Page Two

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, and OPEB schedules 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Uncompahgre Board of Cooperative Services' basic financial statements. The Auditors Integrity Report of the Colorado Department of Education (the Report) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Report is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole

Chadwick, Steinkirchner, Davis & Co., P.C.



Uncompahgre Board of Cooperative
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Providing Special Education Services and Support to the Norwood, Ouray, Ridgway, Telluride, and West End School Districts

Management's Discussion and Analysis For the fiscal year ended June 30, 2021

Funding

Funding for the Uncompahgre Board of Cooperative Services (UnBOCS) comes from three sources: Federal Grants; State of Colorado Grants; and Local assessments from the five member school districts.

Initial budgeting for a new year for the UnBOCS is based on the expenditures at the last year-end. This initial budgeting cannot be accurate because revenues from Federal and State grants have not been determined, and expenses are based on the number of children in the member school districts who require the services of the UnBOCS. Since the factors of revenue and expense are beyond the control of the UnBOCS, budget line items for revenue and expense are revised as needed according to the population trend in each member District.

Debt

The UnBOCS has no debt other than monthly operating expenses. The UnBOCS is fortunate to be given space for an office by the Ridgway School District at a nominal rental cost and utilities expense.

Capital Assets

The UnBOCS has no capital assets other than office equipment and computers used by employees and providers of services and equipment for use by the providers of services. The building with the UnBOCS offices is owned by the Ridgway School District.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the UnBOCS' basic financial statements. Comparison data is presented for fiscal years 2020 and 2021.

This annual report consists of two parts: management's discussion and analysis and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the UnBOCS:

Management's Discussion and Analysis

As of and for the fiscal year ended June 30, 2021

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the UnBOCS' overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the UnBOCS, reporting the UnBOCS' operations in more detail than the government-wide statements.
- The governmental fund statements tell how basic services such as instruction 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 statements and provide more detailed data.

Government-wide Financial Statements

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

The statement of net position presents information on all of the UnBOCS' assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the UnBOCS is improving or deteriorating. To assess the UnBOCS' overall health, you need to consider additional non-financial factors such as changes in the UnBOCS' member base and the condition of the members' financial status.

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

Both of the government-wide financial statements distinguish functions of the UnBOCS that are principally supported by intergovernmental revenues (governmental activities). Included in governmental activities are all of the UnBOCS' basic services such as instruction and support services.

Fund Financial Statements

The fund financial statements provide more detailed information about the UnBOCS' fund. Funds are accounting devices the UnBOCS uses to track specific sources of funding and spending on particular programs. The UnBOCS, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The UnBOCS sole fund is a governmental fund.

Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2021

Governmental Fund: The UnBOCS' services are in a governmental fund, which generally focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) balances remaining at year-end which are available for spending. Consequently, the governmental fund statement provides a detailed short-term view that helps determine financial resources that may be available in the near term to finance the UnBOCS' programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information in separate reconciliations explain the relationship (or differences) between them, if necessary.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Summary of Statement of Net Position

| | <u>June 30, 2020</u> | <u>June 30, 2021</u> |
|--|----------------------|----------------------|
| Assets | | |
| Cash and Investments | \$ 418,163 | \$ 359,181 |
| Accounts Receivable | — | \$ 42,705 |
| Capital Assets | <u>—</u> | <u>—</u> |
| Total Assets | \$ 418,163 | \$ 401,886 |
| Deferred outflows of resources | \$ <u>99,806</u> | \$ <u>255,386</u> |
| Total Assets and deferred outflows of resources | \$ <u>517,969</u> | \$ <u>657,272</u> |
| Liabilities | | |
| Unearned Revenue | \$ 198,918 | \$ 162,167 |
| Non-current liabilities | | |
| Accrued compensated absences | \$ 13,988 | \$ 13,988 |
| Net OPEB obligation | \$ 38,741 | \$ 31,994 |
| Net pension liability | \$ <u>787,511</u> | \$ <u>880,462</u> |
| Total Liabilities | \$1,182,862 | \$1,088,611 |
| Deferred inflows of resources | \$ 517,802 | \$ 383,178 |
| Net Position | | |
| Net investment in capital assets | — | — |
| Unrestricted | \$(1,038,991) | \$ (814,517) |
| Total net position | \$(1,038,991) | \$ (814,517) |
| Total liabilities, deferred inflows of resources, and net position | \$ <u>517,969</u> | \$ <u>657,272</u> |

**Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2021**

Summary of Changes in Net Position

| | Governmental Activities | |
|--|----------------------------|----------------------|
| | 2020 | 2021 |
| Revenues | | |
| Program Revenues | | |
| Charges for Services | \$ 210,820 | \$ 248,744 |
| Operating grants and contributions | \$1,183,994 | \$1,284,348 |
| General revenues | | |
| Investment earnings | \$ 48 | \$ 57 |
| Total Revenues | \$1,394,862 | \$1,537,249 |
| Expenses | | |
| Instruction | \$ 400,548 | \$ 366,617 |
| Support Services | \$ 900,783 | \$ 946,158 |
| Total Expenses | \$1,301,331 | \$1,312,775 |
| Change in net position | \$ 95,531 | \$ 224,474 |
| Net position at beginning of year | <u>\$(1,132,522)</u> | <u>\$(1,038,991)</u> |
| Net position at end of year | <u>\$(1,038,991)</u> | <u>\$ (814,517)</u> |

All significant changes in the above two summaries relate to pension and OPEB items along with new grants. Changes in PERA assumptions caused significant decreases in pension related items this year.

Fund Level Financial Analysis

The UnBOCS uses fund accounting to ensure and demonstrate compliance with finance-related legal, federal and state requirements. The General Fund is the only fund used. The General Fund ended the current year with total fund balance of \$239,719.

General Fund Budgetary Highlights

The UnBOCS Board of Directors adopted a budget and an appropriation resolution for \$1,319,581 and had one supplemental appropriation in the amount of \$21,375. UnBOCES final ending expenditure budget of \$1,340,956. The changes in the funds were recorded in each grant line item as follows:

| | |
|--------------------|-------------|
| Fiscal Salary | \$ 600.00 |
| Fiscal MC | \$ 8.70 |
| Fiscal PERA | \$ 125.40 |
| Coordinator Salary | \$ 2,500.00 |
| Coordinator MC | \$ 36.25 |
| Coordinator PERA | \$ 522.50 |
| Coordinator Health | \$ 378.37 |

Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2021

| | | |
|------------------------------------|----|-----------|
| Other Purchase Services | \$ | 457.50 |
| Building Rent | \$ | 500.00 |
| Supplies | \$ | 771.28 |
| Oversight | \$ | 100.00 |
| Telluride Workshops | \$ | 2,027.50 |
| Telluride Extra Duty | \$ | 12,912.50 |
| Telluride Professional Development | \$ | 135.00 |
| Telluride Supplies | \$ | 300.00 |

The adoption of the budget and the supplemental appropriations appear to be within the deadlines and guidelines established by Colorado statute for BOCES.

Capital Assets

The UnBOCS capital assets are fully depreciated.

Long-Term Debt

The UnBOCS has no long-term debt.

Factors Bearing on the UnBOCS' Future

The UnBOCS is responsible for the oversight of the member districts' special education programs and the delivery of related services to identified students in each district.

Funding sources are based upon the annual December 1 count that determines both the ECEA and IDEA allocations, and local contributions by districts that make up the remainder of the UnBOCS operating revenue.

The BOCS funding is directly related to not only the total student population of the five school districts, but specifically, the number of students identified as having a disability and consequently requiring related services.

Finally, the UnBOCS is moving into the role of staff development and program development for its member districts. This new role will require the UnBOCS' board to develop necessary programming and fiscal support.

Contacting the UnBOCS' Financial Management

This financial report is designed to provide the UnBOCS' citizens, taxpayers, customers, and investors and creditors with a general overview of the UnBOCS' finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Uncompahgre Board of Cooperative Services, PO Box 728, Ridgway, CO 81432-0728.

Uncompahgre Board of Cooperative Service

STATEMENT OF NET POSITION

June 30, 2021

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | |
| Assets | |
| Cash | \$ 359,181 |
| Grants receivable | 42,705 |
| Total assets | <u>401,886</u> |
| Deferred outflows of resources | |
| Deferred outflows related to OPEB obligation | 3,974 |
| Deferred outflows related to pension | 251,412 |
| Total deferred outflows of resources | <u>255,386</u> |
| Total assets and deferred outflows of resources | <u>\$ 657,272</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | |
| Liabilities | |
| Unearned revenue | \$ 162,167 |
| Non-current liabilities | |
| Accrued compensated absences | 13,988 |
| Net OPEB obligation | 31,994 |
| Net pension liability | 880,462 |
| Total liabilities | <u>1,088,611</u> |
| Deferred inflows of resources | |
| Deferred inflows related to OPEB | 12,105 |
| Deferred inflows related to pension | 371,073 |
| Total deferred inflows of resources | <u>383,178</u> |
| Net position | |
| Restricted | 2,309 |
| Unrestricted | (816,826) |
| Total net position | <u>(814,517)</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 657,272</u> |

The accompanying notes are an integral part of this statement.

Uncompahgre Board of Cooperative Service

STATEMENT OF ACTIVITIES

Year ended June 30, 2021

| Functions/Programs | Expenses | Program Revenues | | Total Governmental Activities |
|-------------------------------|---------------------|----------------------|------------------------------------|-------------------------------|
| | | Charges for Services | Operating Grants and Contributions | |
| Governmental activities | | | | |
| Instruction | \$ 366,617 | \$ 248,744 | \$ 279,134 | \$ 161,261 |
| Support services | 946,158 | 4,100 | 1,005,214 | 63,156 |
| Total governmental activities | <u>\$ 1,312,775</u> | <u>\$ 252,844</u> | <u>\$ 1,284,348</u> | <u>224,417</u> |
| General revenues: | | | | |
| | | | | 57 |
| | | | | <u>57</u> |
| | | | | 224,474 |
| | | | | <u>(1,038,991)</u> |
| | | | | <u>\$ (814,517)</u> |

The accompanying notes are an integral part of this statement.

Uncompahgre Board of Cooperative Services
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021

| | General |
|--|--|
| ASSETS | |
| Cash | \$ 359,181 |
| Grants receivable | 42,705 |
| | Total assets <u>\$ 401,886</u> |
| LIABILITIES AND FUND BALANCE | |
| Liabilities | |
| Unearned revenue | \$ 162,167 |
| | Total liabilities <u>162,167</u> |
| Fund equity | |
| Restricted | 2,309 |
| Unassigned | 237,410 |
| | Total fund balance <u>239,719</u> |
| | Total liabilities and fund balance <u>\$ 401,886</u> |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Fund equity as reported above | \$ 239,719 |
| Compensated absences are not due and payable in the current period; and therefore, are not reported in the funds | (13,988) |
| The amount by which deferred outflows of resources are more than deferred inflows of resources, both of which are not recorded in the funds (\$99,806-\$517,802) | (127,792) |
| Net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the funds | <u>(912,456)</u> |
| Net position of governmental activities | <u>\$ (814,517)</u> |

The accompanying notes are an integral part of this statement.

Uncompahgre Board of Cooperative Services

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2021

| | General |
|---|---|
| Revenues | |
| Local sources | \$ 382,139 |
| State sources | 782,621 |
| Federal sources | 372,431 |
| Interest revenue | 57 |
| | 1,537,248 |
| Expenditures | |
| Current | |
| Instruction | 366,616 |
| Support services | 1,146,187 |
| Capital outlay | 3,971 |
| | 1,516,774 |
| | EXCESS OF REVENUES OVER (UNDER) EXPENDITURES |
| | 20,474 |
| Fund balance at beginning of year | 219,245 |
| Fund balance at end of year | \$ 239,719 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Net Change in Fund Balances - Governmental Funds | \$ 20,474 |
| In the governmental funds, expenditures related to pension and OPEB obligations are measured by the amount of financial resources used (essentially, the amounts actually paid to the pension plan), whereas in the statement of activities, they are measured on the full accrual basis. This is the amount by which pension and OPEB expense and revenue in the statement of activities was more than those expenditures in the governmental funds. | |
| | 204,000 |
| Change in net position of governmental activities | \$ 224,474 |

The accompanying notes are an integral part of this statement.

Uncompahgre Board of Cooperative Services

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
GENERAL FUND - BUDGET AND ACTUAL

Year ended June 30, 2021

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|------------------------|---------------------|-------------------|--|
| Revenues | | | | |
| Intergovernmental | | | | |
| Local sources | \$ 130,443 | \$ 151,818 | \$ 382,139 | \$ 230,321 |
| State sources | 814,214 | 814,214 | 782,621 | (31,593) |
| Federal sources | 343,301 | 353,549 | 372,431 | 18,882 |
| Interest | - | - | 57 | 57 |
| Total revenues | <u>1,287,958</u> | <u>1,319,581</u> | <u>1,537,248</u> | <u>217,667</u> |
| Expenditures | | | | |
| Current | | | | |
| Instruction | 307,362 | 307,362 | 366,616 | (59,254) |
| Support services | | | | |
| Students | 675,631 | 675,631 | 757,455 | (81,824) |
| Instructional staff | 149,757 | 149,757 | 146,227 | 3,530 |
| General administration | - | - | 159 | (159) |
| Business | 84,701 | 85,435 | 77,243 | 8,192 |
| Central | - | - | 5,190 | (5,190) |
| Other | 270,548 | 291,189 | 159,913 | 131,276 |
| Capital outlay | 14,878 | 14,878 | 3,971 | 10,907 |
| Total expenditures | <u>1,502,877</u> | <u>1,524,252</u> | <u>1,516,774</u> | <u>7,478</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (214,919) | (204,671) | 20,474 | 225,145 |
| Fund balance at beginning of year | <u>214,919</u> | <u>219,245</u> | <u>219,245</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 14,574</u> | <u>\$ 239,719</u> | <u>\$ 225,145</u> |

The accompanying notes are an integral part of this statement.

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

Uncompahgre Board of Cooperative Services operates under Colorado Revised Statutes providing educational and educational support services for the five member BOCS districts in Montrose, Ouray, and San Miguel counties.

The accounting policies of Uncompahgre Board of Cooperative Services (the BOCS), conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies consistently applied in the preparation of the financial statements.

2. Reporting Entity

For financial reporting purposes, the BOCS includes all funds and activities for which the BOCS exercises financial accountability. The Board members are appointed by the Boards of the five member districts, with one from each BOCS district Board, which consist of the Ouray, Ridgway, Telluride, Norwood and West End BOCS districts. The BOCS board has decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The BOCS is not a component unit of any other entity and does not have any component units which require inclusion in the basic financial statements.

3. Government-wide and Fund Financial Statements

The BOCS' basic financial statements include both government-wide (reporting the BOCS as a whole) and fund financial statements (reporting the BOCS major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, the BOCS has only governmental activities.

Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide focus is on the sustainability of the BOCS as an entity and the change in the BOCS's net position resulting from the current year's activities.

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Financial Statements

The financial transactions of the BOCS are reported in an individual fund in the fund financial statements. The fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures.

The fund focus is on current available resources and budget compliance.

4. Fund Accounting

The BOCS uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. At this time the BOCS only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The BOCS reports the following major governmental fund:

General Fund – The General Fund is used to account for all financial resources of the BOCS.

5. Measurement Focus and Basis of Accounting

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

Long-Term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

Amounts reported as program revenues include 1) charges to the member districts for services provided, and 2) operating grants and contributions.

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

6. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

7. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. 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 BOCS 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.
- Prior to June 30, the budget is adopted by formal resolution.

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- 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. Two supplemental appropriations were approved during the year increasing budgeted expenditures from \$1,502,877 to \$1,524,252.
- Budget amendments increasing fund appropriations must be approved by the Board.

9. Capital Assets

Capital assets are reported in the applicable governmental activities columns in the Government-wide Financial Statements. The BOCS defines capital assets as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Currently, the BOCS has one capital asset in excess of \$5,000.

Depreciation is computed using the straight-line method over estimated useful lives, as follows:

| | <u>Years</u> |
|--------------------------------|--------------|
| Buildings | 10 |
| Equipment | 5-10 |
| Vehicles and software | 5-7 |
| Computers and office equipment | 5 |

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

10. Assets, Liabilities and Fund Equity

Cash. Cash is held in interest-bearing and noninterest-bearing accounts which are comprised of demand and savings accounts and are available to meet current operating requirements.

Receivables. No allowance for doubtful accounts has been provided in the accompanying financial statements since substantially all accounts are deemed by management to be collectible.

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Equity. The fund balance for the governmental fund is reported in five categories: nonspendable, restricted, committed, assigned, and unassigned. The BOCS does not currently have any funds that are nonspendable, committed, or assigned. The Board has not established a policy regarding the authorization to assign amounts to specific purposes; however, the Board, as a matter of practice, has authorized itself to assign amounts to specific purposes. Also as a matter of practice, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When an expenditure is incurred for which amounts in any unrestricted fund balance classification could be used, assigned fund balances are spent first. The BOCS has not formally adopted a policy setting forth a minimum fund balance amount.

11. Pensions

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2021.

12. Defined Benefit Other Post Employment Benefit (OPEB) Plan

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

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE B – CASH AND INVESTMENTS

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of Federal Insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

Cash consists of the following:

| | |
|----------------------------|-------------------------|
| | <u>Bank Balance</u> |
| FDIC Insured | \$ 250,000 |
| PDPA Collateralized | 178,590 |
| Total | <u>\$ 428,590</u> |
| Carrying value of cash | <u>\$ 359,181</u> |

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts.

NOTE C – COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may be disallowed by the grantor and cannot be determined at this time although the BOCS expects such amounts, if any, to be immaterial.

TABOR

In November of 1992 Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government tax powers and imposes spending limitations. TABOR is subject to judicial interpretations, but the BOCS believes it is exempt because it receives no taxes and is a jointly governed service organization.

NOTE D – CAPITAL ASSETS

| | Balance June 30, 2020 | Additions | Deletions | Balance June 30, 2021 |
|--------------------------|-----------------------------|-------------|-------------|-----------------------------|
| Equipment | \$ 6,010 | \$ — | \$ — | \$ 6,010 |
| Accumulated depreciation | (6,010) | — | — | (6,010) |
| Capital assets, net | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE E – RISK MANAGEMENT

The BOCS is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors, and omissions; and natural disasters for which the BOCS carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years.

NOTE F – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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.

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began eligible employment 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 BOCS and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8.75 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:

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

| | July 1, 2020 Through June 30, 2021 |
|--|--|
| Employer contribution rate | 10.90% |
| Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) | (1.02)% |
| Amount apportioned to the SCHDTF | 9.88% |
| Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 | 4.50% |
| Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 | 5.50% |
| Total employer contribution rate to the SCHDTF | 19.88% |

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

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total 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 BOCS is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the BOCS were \$61,664 for the year ended June 30, 2021.

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

The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The BOCS proportion of the net pension liability was based on the BOCS contributions to the

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

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.

At June 30, 2021, the BOCS reported a liability of \$880,462 for its proportionate share of the net pension liability. The amount recognized by the BOCS as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the BOCS were as follows:

| | |
|--|-----------|
| | |
| BOCS proportionate share of the net pension liability | \$880,462 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the BOCS | \$ - |
| Total | \$880,462 |

At December 31, 2020, the BOCS proportion was 0.005824 percent, which was a decrease of 0.000553 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the BOCS recognized negative pension expense of \$(140,232). At June 30, 2021, the BOCS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 48,377 | \$ - |
| Changes of assumptions or other inputs | 84,698 | 147,998 |
| Net difference between projected and actual earnings on pension plan investments | – | 193,810 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 88,512 | 29,265 |
| Contributions subsequent to the measurement date | 29,825 | N/A |
| Total | \$ 251,412 | \$ 371,073 |

\$29,825 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June, 30 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|--------------------------|-----------|
| Year ended June 30, 2021 | |
| 2022 | (139,421) |
| 2023 | 42,189 |
| 2024 | (21,679) |
| 2025 | (30,575) |
| Thereafter | – |

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

| | |
|---|---------------------|
| Actuarial cost method | Entry age |
| Price inflation | 2.40 percent |
| Real wage growth | 1.10 percent |
| Wage inflation | 3.50 percent |
| Salary increases, including wage inflation | 3.50 – 9.70 percent |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25 percent |
| Discount rate | 7.25 percent |
| Post-retirement benefit increases: | |
| PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually) | 1.25 percent |
| PERA benefit structure hired after 12/31/06 ¹ | Financed by the 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 reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

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

The actuarial assumptions used in the December 31, 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,

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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

| | |
|---|----------------------|
| Actuarial cost method | Entry age |
| Price inflation | 2.30 percent |
| Real wage growth | 0.70 percent |
| Wage inflation | 3.00 percent |
| Salary increases, including wage inflation | 3.40 – 11.00 percent |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25 percent |
| Discount rate | 7.25 percent |
| Post-retirement benefit increases: | |
| PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually) | 1.25 percent |
| PERA benefit structure hired after 12/31/06 ¹ | Financed by the 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.

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

- Males: 97 percent of the rate for all ages, with generational projection using scale MP-2019.

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumptions 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 estimate of geometric real rates of return for each major asset class are summarized in the table as follows:

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

| 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 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 the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing on July 1, 2018, that is proportioned

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE F – DEFINED BENEFIT PENSION PLAN – CONTINUED

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 fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the BOCS 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 liability | \$1,201,023 | \$ 880,462 | \$ 613,330 |

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

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

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

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

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

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

PERA Benefit Structure

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

Uncompahgre Board of Cooperative Services

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June 30, 2021

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - CONTINUED

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 retirees 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 retirees without Medicare Part A that are greater than premiums charged to retirees 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 retirees not covered by Medicare Part A.

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the BOCS is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from BOCS were \$3,163 for the year ended June 30, 2021.

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

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - CONTINUED

At June 30, 2021, the BOCS reported a liability of \$31,994 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 BOCS proportion of the net OPEB liability was based on the BOCS 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 BOCS proportion was 0.003367 percent, which was a decrease of 0.00080 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the BOCS recognized OPEB expense of \$(1,061). At June 30, 2021, the BOCS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 85 | \$ 7,034 |
| Changes of assumptions or other inputs | 239 | 1,962 |
| Net difference between projected and actual earnings on OPEB plan investments | – | 1,307 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 2,120 | 1,802 |
| Contributions subsequent to the measurement date | 1,530 | N/A |
| Total | \$ 3,974 | \$ 12,105 |

\$1,530 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

| | |
|---------------------------|------------|
| Year ended June 30, 2021: | |
| 2022 | \$ (2,020) |
| 2023 | (1,837) |
| 2024 | (2,114) |
| 2025 | (2,593) |
| 2026 | (1,031) |
| Thereafter | (66) |

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:

| | |
|--|--|
| Actuarial cost method | Entry age |
| Price inflation | 2.40 percent |
| Real wage growth | 1.10 percent |
| Wage inflation | 3.50 percent |
| Salary increases, including wage inflation | 3.50 percent in aggregate |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation | 7.25 percent |
| Discount rate | 7.25 percent |
| Health care cost trend rates | |
| PERA benefit structure: | |
| Service-based premium subsidy | 0.00 percent |
| PERACare Medicare plans | 8.10 percent in 2020, gradually decreasing to 4.50 percent in 2029 |
| Medicare Part A premiums | 3.50 percent in 2020, gradually increasing to 4.50 percent in 2029 |
| DPS benefit structure: | |
| Service-based premium subsidy | 0.00 percent |
| PERACare Medicare plans | N/A |
| Medicare Part A premiums | N/A |

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2020 for the PERA Benefit Structure:

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

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 that were used to measure the total OPEB liability are summarized in the table below:

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

| 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 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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:

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

- 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 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.

| | Trust Fund | | | |
|---|-------------------|--------------------|---------------------------------|----------------------|
| | State Division | School Division | Local Government Division | Judicial Division |
| Actuarial cost method | Entry age | Entry age | Entry age | Entry age |
| Price inflation | 2.30% | 2.30% | 2.30% | 2.30% |
| Real wage growth | 0.70% | 0.70% | 0.70% | 0.70% |
| Wage inflation | 3.00% | 3.00% | 3.00% | 3.00% |
| Salary increases, including wage inflation: | | | | |
| Members other than State Troopers | 3.30%-10.90% | 3.40%-11.00% | 3.20%-11.30% | 2.80%-5.30% |
| State Troopers | 3.20%-12.40% | N/A | 3.20%-12.40% ¹ | N/A |

C.R.S. § 24-51-101 (46), as amended, expanded the definition of “State Troopers” to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

The long-term rate of return, net of OPEB plan investment expense, including price inflation and discount rate assumptions were 7.25 percent.

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.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Health 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.

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.

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 measurement of the obligations for the HCTF:

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

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

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

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

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

| 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 rate of return assumption of 7.25 percent.

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

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|---------------------------------------|----------------------------|---------------------|----------------------------|
| Initial PERACare Medicare trend rate | 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% |
| Net OPEB Liability | \$31,167 | \$31,994 | \$32,956 |

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

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|------------------------|-------------------------------------|------------------------|
| Proportionate share of the net OPEB liability | 36,649 | 31,994 | 28,016 |

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

Uncompahgre Board of Cooperative Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H – FUND EQUITY

Fund equity has certain restrictions at June 30, 2021 as follows:

| | |
|---------------------------------------|-----------------|
| Restricted for Alt. Licensure Program | \$ 2,309 |
| Total restricted fund balance | <u>\$ 2,309</u> |

Uncompahgre Board of Cooperative Services

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

June 30, 2021

| <u>Measurement date:</u> | <u>Employer proportion of NPL</u> | <u>Employer proportionate share of NPL</u> | <u>Nonemployer contributing entity proportionate share of NPL associated with employer</u> | <u>Total of employer and nonemployer proportionate share of NPL</u> | <u>Covered payroll</u> | <u>Employer proportionate share of NPL as a percentage of covered payroll</u> | <u>Pension plan's fiduciary net position as a percentage of total pension liability</u> |
|--------------------------|-----------------------------------|--|--|---|------------------------|---|---|
| December 31, 2014 | 0.004845% | \$ 656,724 | \$ - | \$ 656,724 | \$ 202,992 | 324% | 62.8% |
| December 31, 2015 | 0.004630% | 708,127 | - | 708,127 | 201,775 | 351% | 59.2% |
| December 31, 2016 | 0.005691% | 1,694,556 | - | 1,694,556 | 256,503 | 661% | 43.1% |
| December 31, 2017 | 0.005704% | 1,844,386 | - | 1,844,386 | 263,106 | 701% | 44.0% |
| December 31, 2018 | 0.005461% | 966,931 | 116,311 | 1,083,242 | 290,204 | 333% | 57.0% |
| December 31, 2019 | 0.005271% | 787,511 | 88,643 | 876,154 | 309,912 | 254% | 64.5% |
| December 31, 2020 | 100.005271% | 880,462 | - | 880,462 | 311,358 | 283% | 67.0% |

Uncompahgre Board of Cooperative Services

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

June 30, 2021

| | Required employer contribution | Employer contributions recognized by the plan | Difference | Covered payroll | Contributions as a percentage of covered payroll |
|---------------|-----------------------------------|--|------------|--------------------|--|
| June 30, 2015 | \$ 33,031 | \$ 33,031 | \$ - | \$ 195,470 | 16.90% |
| June 30, 2016 | 38,571 | 38,571 | - | 217,161 | 17.76% |
| June 30, 2017 | 50,317 | 50,317 | - | 273,828 | 18.38% |
| June 30, 2018 | 50,205 | 50,205 | - | 265,804 | 18.89% |
| June 30, 2019 | 61,007 | 61,007 | - | 318,909 | 19.13% |
| June 30, 2020 | 57,233 | 57,233 | - | 295,318 | 19.38% |
| June 30, 2021 | 64,828 | 64,828 | - | 310,183 | 20.90% |

Uncompahgre Board of Cooperative Services

SCHEDULE OF ACTIVITY - NET OPEB LIABILITY

June 30, 2021

| | Employer proportion of NOPEBL | Employer proportionate share of NOPEBL | Covered payroll | Employer proportionate share of NOPEBL as a percentage of covered payroll | OPEB plan's fiduciary net position as a percentage of total OPEB liability |
|--------------------------|-------------------------------------|---|--------------------|---|--|
| <u>Measurement date:</u> | | | | | |
| December 31, 2017 | 0.003241% | \$ 42,118 | \$ 263,106 | 16% | 18% |
| December 31, 2018 | 0.003549% | 48,292 | 290,204 | 17% | 17% |
| December 31, 2019 | 0.003447% | 38,741 | 309,912 | 13% | 24% |
| December 31, 2020 | 0.003367% | 31,994 | 311,358 | 10% | 124% |

Uncompahgre Board of Cooperative Services

SCHEDULE OF ACTIVITY - EMPLOYER OPEB CONTRIBUTIONS

June 30, 2021

| | <u>Required employer contribution</u> | <u>Employer contributions recognized by the plan</u> | <u>Difference</u> | <u>Covered payroll</u> | <u>Contributions as a percentage of covered payroll</u> |
|---------------|---|--|-------------------|----------------------------|---|
| June 30, 2018 | \$ 2,711 | \$ 2,711 | \$ - | \$ 265,804 | 1% |
| June 30, 2019 | 3,253 | 3,253 | - | 318,909 | 1% |
| June 30, 2020 | 3,012 | 3,012 | - | 295,318 | 1% |
| June 30, 2021 | 3,164 | 3,164 | - | 310,183 | 1% |



Colorado Department of Education
Auditors Integrity Report
 District: 9145 - Uncompahgre 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 | 219,246 | 1,537,249 | 1,516,775 | 239,719 |
| 18 Risk Mgmt Sub-Fund of General Fund | 0 | 0 | 0 | 0 |
| 19 Colorado Preschool Program Fund | 0 | 0 | 0 | 0 |
| Sub- Total | 219,246 | 1,537,249 | 1,516,775 | 239,719 |
| 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