MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES BUENA VISTA, COLORADO

FINANCIAL STATEMENTSWITH INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2022

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES BUENA VISTA, COLORADO

ROSTER OF OFFICIALS June 30, 2022

BOARD MEMBERS

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

SUPERINTENDENTS

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

ADMINISTRATIVE

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

June 30, 2022

The discussion and analysis of Mountain Board of Cooperative Educational Services (Mountain "BOCES") financial performance provides an overall review of Mountain BOCES' financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at Mountain BOCES' financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, and budgetary comparison schedules to broaden their understanding of Mountain BOCES' financial performance.

Financial Highlights

Mountain BOCES' total net position increased by $1,121,835 compared to the prior year. The end of fiscal year 2022's total net position was $89,048, compared to $(1,032,787) at the end of fiscal year 2021.

Mountain BOCES ended with a fund balance in the General Fund of $1,194,199 which is a decrease of $14,455 compared to the prior fiscal year.

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

Indirect costs were charged to Federal and State grants and other self-supporting programs. Member districts were assessed $678,602 for Mountain BOCES' general operations and for services provided in consortia programs.

Using the Basic Financial Statements

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

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

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

Financial Analysis of the Mountain BOCES as a Whole

At the end of the current fiscal year the assets and deferred inflows of resources of Mountain BOCES exceeded its liabilities and deferred outflows of resources which resulted in a net position of $89,048, compared to ($1,032,787) at the end of fiscal year 2021, increasing the net position by $1,211,835.

Government-Wide Financial Statements

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

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

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

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

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

	2022	2021
Assets:		
Current Assets	$ 1,485,829	$ 1,476,623
Capital Assets – Net	49,059	33,734
Deferred Outflows of Resources	500,096	544,200
Capital Assets & Deferred Outflows of Financial Resources	2,034,984	2,054,557
Liabilities:		
Current Liabilities	264,117	69,962
Non-current Liabilities	1,187,979	1,330,724
Deferred Inflows of Resources	493,840	1,686,658
Total Liabilities & Deferred Inflows of Financial Resources	1,945,936	3,087,344
Net Position:		
Net Invested in Capital Assets	48,763	30,279
Restricted Net Position	-	-
Unrestricted Net Position	40,285	(1,063,066)
Total Net Position (Deficit)	89,048	(1,032,787)
Total Liabilities, Deferred Inflows of Financial Resources and Net Position	$ 2,034,984	$ 2,054,557

Current assets increased by $9,205 and with a increase in capital assets net of accumulated depreciation and a decrease in deferred outflows of financial resources, the decrease in total assets and deferred outflows from the prior year is $19,574.

Total liabilities increased $51,410. The majority of increase in liabilities is due to deferred revenues related to revenue advanced from the State being offset by decreases to the pension and OPEB liability. The large decrease in deferred inflows of resources primarily relates to the amortization of the change in proportionate share of pension and OPEB liabilities from prior years.

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

Program Revenues:	2022	2021
Charges for Services	$ 821,289	$ 676,549
Operating Grants	2,500,861	1,962,244
Total Program Revenues	3,322,150	2,638,793
General Revenues:		
Investment Earnings	1,722	247
Gain (Loss) on Capital Asset Disposals	-	340,005
Loss on Disposal of Operations	-	(228,042)
Miscellaneous Revenues	16,161	64,399
Total General Revenues	17,883	176,609
Total Revenues	3,340,033	2,815,402
Expenses:		
Instruction	1,084,927	519,652
Supporting Services	1,133,271	578,294
Total Expenses	2,218,198	1,097,946
Change in Net Position	1,121,835	1,717,456
Net Position - Beginning	(1,032,787)	(2,750,243)
Net Position Ending	$ 89,048	$ (1,032,787)

A year-to-year increase in total revenues of $296,589, is primarily attributed to an increase in local revenue $88,973 when not considering a gain recognized of $340,005 on the sale of the primary administrative facility in Leadville in the prior year. However, charges for services and grant revenue were also up from the prior year. State grant revenue increased $463,885 due to new programs and increased funding overall and federal revenue increased $116,409 largely due to American Rescue Plan funding. Expenses were also up significantly due to additional program activity. Other non-program related expenses in 2021 included a final payment of $228,042 made to Colorado River BOCES as part of an intergovernmental agreement which was reported as a loss on disposal of operations.

Reporting Mountain BOCES' Most Significant Fund

The analysis of Mountain BOCES' major fund begins on page 4. Fund financial reports provide detailed information about Mountain BOCES' major fund. Mountain BOCES' had one operating fund for the 2022 fiscal year, the General Fund.

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

the Statement of Activities) and governmental funds are reconciled in the financial statements of the Governmental Funds. Mountain BOCES' governmental fund is the General Funds. The General Fund accounts for all of Mountain BOCES' instruction and support operations.

Fund Financial Statements

As of June 30, 2022, Mountain BOCES' governmental funds reported a fund balance of $1,194,199, that is an increase of $191,905 from the June 30, 2021 fund balance.

The governmental fund has unassigned fund equity of $336,455 which may be used to meet Mountain BOCES′ ongoing obligations. The unassigned fund equity decreased $783,455 from the previous year. The assigned fund equity of $257,744 is designated to specific programs and capital expenses. The committed fund equity of $600,000 is for capital reserves and SPED legal expenses.

Capital Assets

As of June 30, 2022, Mountain BOCES had a net $49,059 invested in furniture and equipment. A summary of Mountain BOCES' capital assets is as follows:

	Balance 7/1/2021	Additions	Retirements	Balance 6/30/2022
Depreciable assets				
Transportation equipment	$ 121,865	$ 33,409	$ -	$ 155,274
Other equipment	98,299	-	(62,034)	36,265
Total assets	220,164	33,409	(62,034)	191,539
Accumulated depreciation				
Buildings and site	-	-	-	-
Transportation equipment	(99,586)	(11,346)	-	(110,932)
Other equipment	(86,844)	(6,738)	62,034	(31,548)
Total accumulated	(186,430)	(18,084)	62,034	(142,480)
Net Capital assets	33,734	15,325	-	49,059

Instruction	$ 7,234
Supporting services	10,850
Total depreciation	$ 18,084

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

Debt Administration

As of June 30, 2022 Mountain BOCES had one outstanding debt of $296 associated with a Copier lease that is set to pay off within one year.

General Fund Budget

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

General Fund revenues were approximately $518,000 lower than revised budget primarily related to the use of prior year fund balances. Expenditures were approximately $606,000 under the revised budget.

The State of Mountain BOCES

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

Requests for Information

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Mountain Board of Cooperative Educational Services (the Mountain BOCES), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Mountain BOCES' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Mountain Board of Cooperative Educational Services, as of and for the year ended June 30, 2022 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Mountain BOCES and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Report on Summarized Comparative Information

Mountain Board of Cooperative Educational Services' June 30, 2021 financial statements were audited by our firm and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mountain BOCES's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mountain BOCES's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mountain BOCES's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB schedules as listed in the table of contents presented on pages M1 -M6 and 41 -48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the Mountain BOCES's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on page 56 is presented for purposes of additional analysis and the Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports on pages 49-52 are presented for State regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2022, on our consideration of the Mountain BOCES's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mountain BOCES's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mountain BOCES's internal control over financial reporting and compliance.

McPherson, Goodrich, Probasco & Mitchell, P.C.

November 1, 2022

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the Mountain BOCES' operations. These financial statements present the financial position and operating results of all government-wide and fund level activity as of June 30, 2022.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF NET POSITION
June 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Governmental Activities
Assets	
Current Assets	
Cash and Investments	$ 1,296,093
Accounts Receivable	187,236
Deposits	2,500
Capital and Other Assets	
Capital Assets Being Depreciated, net	49,059
Total Assets	1,534,888
Deferred Outflows of Resources	
Net Pension Deferred Outflows	469,673
Net OPEB Deferred Outflows	30,423
Total Deferred Outflows of Resources	500,096
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	44,307
Accrued Salaries & Benefits	11,990
Unearned Revenue Grants	207,820
Noncurrent Liabilities	
Due Within One Year	296
Due In More Then One Year	1,187,683
Total Liabilities	1,452,096
Deferred Inflows of Resources	
Net Pension Deferred Inflows	425,927
Net OPEB Deferred Inflows	67,913
Total Deferred Inflows of Financial Resources	493,840
Net Position	
Net Investment in Capital Assets	48,763
Unrestricted Net Position	40,285
Total Net Position	$ 89,048

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 1,105,129	$ -	$ 1,928,610	$ 823,481
Supporting Services	1,133,271	841,491	572,251	280,471
Total Primary Government	2,238,400	841,491	2,500,861	1,103,952
General Revenues				
Investment Earnings				1,722
Other Revenues				16,161
Total General Revenues				17,883
Change in Net Position				1,121,835
Beginning Net Position				(1,032,787)
Ending Net Postion				89,048

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
BALANCE SHEET
GOVERNMENTAL FUNDS
GENERAL FUND
June 30, 2022
(With Comparative Totals for June 30, 2021)

	2022	2021
ASSETS		
Cash and Investments	$ 1,296,093	$ 1,450,000
Restricted Cash and Investments	-	-
Grants Receivable	187,235	14,123
Other Accounts Receivable	-	10,000
Deposits	2,500	2,500
TOTAL ASSETS	$ 1,485,828	$ 1,476,623
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts Payable	$ 44,307	$ 63,291
Accrued Salaries & Benefits	11,990	6,671
Unearned Revenue Grants	207,820	198,007
Total Liabilities	264,117	267,969
Deferred Inflows of Resources	27,512	-
Fund Balance		
Committed Fund Balance	600,000	-
Assigned Fund Balance	257,744	88,744
Unassigned Fund Balance	336,455	1,119,910
Total Fund Balance	1,194,199	1,208,654
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 1,485,828	$ 1,476,623

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Reconciliation of Governmental Fund Balances to Governmental Activities Net Position
June 30, 2022

Fund Balance - Governmental Funds		$ 1,194,199
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, being depreciated	$ 191,539	
Accumulated depreciation	(142,480)	$ 49,059
Certain long-term pension and OPEB related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds		
Pension Liability		
Net pension deferred outflows	469,673	
Net pension liability	(1,132,874)	
Net pension deferred inflows	(425,927)	(1,089,128)
OPEB Liability		
Net OPEB deferred outflows	30,423	
Net OPEB liability	(54,809)	
Net OPEB deferred inflows	(67,913)	(92,299)
Long-term liabilites are not due and payable in the current year and, therefore are not reported in the funds.		
Capital leases payable		(296)
Certain revenue was earned and accrued in the statement of net position, but has been deferred in the governmental funds balance sheet.		27,513
Total Net Position- Governmental Activities		$ 89,048

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds
General Fund
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022	2021
REVENUES		
Local Sources	$ 859,374	$ 770,401
State Sources	1,681,711	1,217,826
Federal Sources	860,827	744,418
TOTAL REVENUES	3,401,912	2,732,645
EXPENDITURES		
Current:		
Instruction	1,300,543	1,161,576
Pupil Support	1,047,297	621,158
Staff Support	372,364	391,474
General Administration	99,152	110,398
Business Services	123,733	138,858
Operations and Maintenance	40,063	15,344
Transportation	33,409	1,568
Other Central Support	361,021	189,312
Risk Management	27,635	23,605
Other Supporting Services	7,692	5,377
Debt Service	3,458	3,564
TOTAL EXPENDITURES	3,416,367	2,662,234
Excess of Revenues over Expenditures	(14,455)	70,411
SPECIAL ITEMS		
Proceeds from Sale of Office Building	-	349,536
Loss on Disposal of Operations	-	(228,042)
TOTAL SPECIAL ITEMS	-	121,494
CHANGE IN FUND BALANCE	(14,455)	191,905
BEGINNING FUND BALANCE	1,208,654	1,016,749
ENDING FUND BALANCE	$ 1,194,199	$ 1,208,654

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

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

Change in Fund Balance - Governmental Funds		$ (14,455)
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity		
Capitalized Asset Purchases	$ 33,409.00	
Depreciation Expense	(18,084)	15,325
Pension and OPEB expense at the fund level represent cash contributions to the		
Pension Liability		
Current year change and amortization of deferred	(53,993)	
Change in net pension liability	147,597	
Current year change and amortization of deferred inflows	975,318	1,068,922
OPEB Liability		
Current year change and amortization of deferred	9,889	
Change in OPEB liability	(8,306)	
Current year change and amortization of deferred inflows	19,493	21,076
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition,		
Principal payments on capital leases		3,454
Certain revenue was earned and accrued in the statement of net position, but has been deferred in the governmental funds balance sheet.		27,513
Total Change in Net Postiion - Governmental Activities		$ 1,121,835

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Basis of Presentation

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The Mountain BOCES reports the following major governmental fund:

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

C. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

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

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

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

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Unearned Revenues - Unearned revenues include grants for which payment has been received but not yet earned as the underlying grant requirements have not yet been met.

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

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Mountain BOCES reports deferred inflows for pension and OPEB related deferrals as further described in Note 6 and Note 8. Other reported deferred inflows relate to grants where amounts due are not considered available to meet current obligations as these funds were not received within the 60-day availability period.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

All remaining fund balance amounts are shown as unassigned.

F. Net Position/Fund Balance Flow Assumptions

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

G. Revenues and Expenditures

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

H. Comparative Data

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

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Mountain BOCES' deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requiresthat all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels ($250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2022, all of the Mountain BOCES' deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are thereforenot deemed to be exposed to custodial credit risk.

	June 30, 2022	
	Bank Balance	**Carrying Balance**
FDIC Insured	$ 250,000	$ 250,000
PDPA Collateralized (Not in BOCES name)	347,189	348,903
Total Deposits	**$ 597,189**	**$ 598,903**

Investments

Credit Risk

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

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

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

- Guaranteed investment contracts

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

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

Concentration of Credit Risk

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

Interest Rate Risk

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

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Mountain BOCES will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2022, the Mountain BOCES did not have any investments requiring safekeeping.

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

Bank Deposits	$	598,903
Local Govt. Investment Pools		697,190
Total Cash and Investments	$	1,296,093

NOTE 3: CAPITAL ASSETS

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

	Balance 7/1/2021	Additions	Retirements	Balance 6/30/2022
Depreciable assets				
Transportation equipment	$ 121,865	$ 33,409	$ -	$ 155,274
Other equipment	98,299	-	(62,034)	36,265
Total assets	220,164	33,409	(62,034)	191,539
Accumulated depreciation				
Buildings and site improvements	-	-	-	-
Transportation equipment	(99,586)	(11,346)	-	(110,932)
Other equipment	(86,844)	(6,738)	62,034	(31,548)
Total accumulated depreciation	(186,430)	(18,084)	62,034	(142,480)
Net Capital assets	33,734	15,325	-	49,059

Instruction	$ 7,234
Supporting services	10,850
Total depreciation	$ 18,084

NOTE 4: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve- month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2022, are $11,990. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

NOTE 5: LONG-TERM OBLIGATIONS

The Mountain BOCES long-term debt transactions for the year ended June 30, 2022, were as follows

	Balance 6/30/2021	Advances	Payments	Balance 6/30/2022	Current Portion	Interest Expense
Net OPEB Liability	$ 46,503	$ 8,306	$ -	$ 54,809	$ -	$ -
PERA Net Pension Liability	1,280,471	-	(147,597)	1,132,874	-	-
Capital Leases Payable	3,750	-	(3,454)	296	296	8
Total Long-term Liabilities	$ 1,211,529	$ 8,306	$ (151,051)	$ 1,187,979	$ 296	$ 8

NOTE 5: LONG-TERM OBLIGATIONS (Continued)

Capital Leases

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

Future minimum lease payments on the lease are as follows:

Fiscal Year	Amount
2023	$ 304
Total Payments	304
Less Interest at 4.24%	(8)
Present Value of Payments	$ 296

NOTE 6: FUND BALANCE

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

SWAP Matching Funds	$	170,000
Alt. Licensure Assigned Fund Balance		87,744
Total Assigned Fund Balance	$	257,744

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

Capital Reserve Committed Fund Balance	$	400,000
SPED Legal Committed Fund Balance		200,000
Total Committed Fund Balance	$	600,000

NOTE 7: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The Mountain BOCES participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple- employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined usingthe 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.

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

General Information about the Pension Plan

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

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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.

Upon meeting certain criteria, 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. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, 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 the maximum annual increase (A1) or A1 cap of 1.00 percent unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lessor of an annual increase of 1.00 percent A1 cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified C.R.S. § 24-51-413.

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

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

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Contributions provisions as of June 30, 2022: Eligible employees the Mountain BOCES and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 10.50 percent of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
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%
Ammortization equalizaton 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).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Mountain BOCES is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the Mountain BOCES were $120,949 for the year ended June 30, 2022.

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. As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

The net pension liability for the SCHDTF was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total pension liability to December 31, 2021. The Mountain BOCES proportion of the net pension liability was based on the Mountain BOCES' contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the Mountain BOCES reported a liability of $1,258,749 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Mountain BOCES as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the Mountain BOCES were as follows:

BOCES' proportionate share of the net pension liability	$	1,132,874
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with BOCES		125,875
Total	$	1,258,749

At December 31, 2021, the Mountain BOCES proportion was 0.00973480 percent, which was an increase of 0.0012648 from its proportion measured as of December 31, 2020.

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended June 30, 2022, the Mountain BOCES recognized a pension expense of ($994,003) and revenue of
$13,865 for support from the State as a nonemployer contributing entity. At June 30, 2022, the Mountain BOCES reported deferred outflows of resources and deferred inflows of resources related to pensionsfrom the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ 43,371	$ -
Changes of assumptions or other inputs	86,486	-
Net difference between projected and actual earnings on pension plan investments	-	(425,927)
Changes in proportion and differences between contributions recognized and proportionate share of contributions- Plan Basis	264,827	-
Differences between contributions recognized and proportionate share of contributions	70	
Contributions subsequent to the measurement date	74,919	-
Total	$ 469,673	$ (425,927)

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

$74,919 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Fiscal Year Totals
2023	$ 117,801
2024	(18,319)
2025	(78,957)
2026	(51,698)
Total	$ (31,173)

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

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increase, including wage inflation	3.40-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post retirement benefit increases:	
PERA benefit structure hired prior 1/1/07 and DPS benefit structure (automatic)	1.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the A1 cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projections using scale MP-2019.

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

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

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50 percent resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future planmembers.

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50 percent resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State of Colorado, as a non-employer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered A1 cap, from 1.25 percent to 1.00 percent, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount 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.

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 1,667,499	$ 1,132,874	$ 686,751

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

NOTE 8: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The Mountain BOCES does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2022 there were no contributions by program members.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

Plan description. Eligible employees of the Mountain BOCES are provided with OPEB through the HCTF—a cost- sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and 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 by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) 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.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

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

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

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

DPS Benefit Structure
The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy, in each case, is for retirees with retirement benefitsbased on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each yearless than 20. The retiree pays the remaining portion of the premium to the extent the subsidy doesnot 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.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Mountain BOCES is statutorily committed to pay the contributions. Employercontributions recognized by the HCTF from the BOCES were $6,206 for the year ended June 30, 2022.

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

At June 30, 2022, the Mountain BOCES reported a liability of $54,809 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as ofDecember 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The Mountain BOCES' proportion of the net OPEB liability was based on the Mountain BOCES' contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the Mountain BOCES' proportion was 0.006356 percent, which was an increase of 0.001462 from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the Mountain BOCES recognized an OPEB expense of ($17,232). At June 30, 2022,the Mountain BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEBfrom the following sources:

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ 83	$ (12,996)
Net difference between projected and actual earnings on pension plan investments	-	(3,393)
Changes of assumptions or other inputs	1,135	(2,973)
Changes in proportion and differences between contributions recognized and proportionate share of contributions- Plan Basis	25,361	(48,551)
Contributions subsequent to the measurement date	3,844	-
Total	$ 30,423	$ (67,913)

$3,844 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Fiscal Year Totals
2023	$ (18,507)
2024	(22,371)
2025	(3,530)
2026	391
2027	2,483
2028	200
Total	$ (41,334)

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

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increase, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care costs trend rates	
PERA Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	4.50% for 2021, 6.00% for 2022, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% for 2021, gradually increasing to 4.50% in 2029
DPS Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

In determining the additional liability for PERACare enrollees who are age 65 or older and whoare not eligible for premium–free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

	Initial Costs for Members without Medicare Part A		
Medicare Plan	**Monthly Cost**	**Monthly Premium**	**Monthly Cost Adjusted to Age 65**
Medicare Advantage/Self-Insured Rx	$ 633	$ 230	$ 591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is $471 (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 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, 2020, 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.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total OPEB liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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 on the PubT-2010 Healthy Retiree Table, adjusted as follows:

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

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

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

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

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

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 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 actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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 (expectedreturn, 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 expectedfuture real rates of return by the target asset allocation percentage and then adding expected inflation.

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:

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Asset Class	Target Allocation	30 Year Expected Geometric 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	6.00%	4.70%
Total	100.00%	

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

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

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Trend Rate	1% Increase
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate share fo the net OPEB asset (liability)	$ (53,235)	$ (54,809)	$ (56,632)

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

NOTE 10 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES AND COMPLIANCE

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	$ (63,655)	$ (54,809)	$ (47,253)

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

General Fund

For the Year Ended June 30, 2022

(With Comparative Totals for the Year Ended June 30 2021)

	2022				2021
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Actual Amounts
REVENUES					
Local Sources					
Investment Earnings	$ 200	$ 200	$ 1,722	$ 1,522	$ 247
Local BOCES Passthrough	583,872	587,015	589,134	2,119	558,959
Alternative License Revenue	134,938	134,938	140,687	5,749	143,808
Other Local	75,534	107,266	127,831	20,565	65,136
Use of Fund Balance Reserves	-	-	-	-	-
Total Local Sources	794,544	829,419	859,374	29,955	768,150
State Sources					
State Grants from CDE					
State ECEA (Special Education)	1,047,972	1,105,716	1,104,772	(944)	974,044
State Gifted and Talented	40,152	66,919	66,919	-	40,152
Implementing State Educational Priorities	26,900	318,378	111,431	(206,947)	163,033
Gifted Ed- Univ Screening and Qualified Personel	24,417	25,524	24,367	(1,157)	30,499
Other State Grants	8,000	8,000	48,942	40,942	11,042
State Grants from Other Agencies					
School to Work Alliance Program(SWAP)	325,280	650,560	325,280	(325,280)	-
Total State Sources	1,472,721	2,175,097	1,681,711	(493,386)	1,218,770
Federal Sources					
Federal Grants from CDE					
Special Education- Grants to States- IDEA Part B	765,075	794,815	794,814	(1)	679,370
IDEA Part B- Special Education Preschool	17,901	31,659	31,294	(365)	13,342
Coronavirus Relief Fund	-	-	-	-	25,000
Elementary and Secondary School Emergency Relief Fund	21,456	88,774	34,719	(54,055)	21,456
Total Federal Sources	804,432	915,248	860,827	(54,421)	739,168
TOTAL REVENUES	3,071,697	3,919,764	3,401,912	(517,852)	2,726,088

(Continued)

	2022				2021
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Actual Amounts
EXPENDITURES					
Instruction					
Salaries	-	1,750	7,635	(5,885)	-
Benefits	1,902	2,294	1,946	348	2,562
PS-Professional	101,696	107,846	84,910	22,936	109,737
PS-Other	76,930	1,210,200	1,204,612	5,588	1,042,576
Supplies	150	150	840	(690)	1,336
Property	-	-	600	(600)	806
Total Instruction	180,678	1,322,240	1,300,543	21,697	1,157,017
Supporting Services					
Pupil Support					
Salaries	201,458	203,958	210,661	(6,703)	4,998
Benefits	68,546	73,224	73,097	127	1,166
PS-Professional	28,170	4,000	3,215	785	1,805
PS-Other	1,200	724,059	723,259	800	607,306
Property	-	14,800	9,271	5,529	3,249
Other Expenses	-	-	-	-	767
Total Pupil Support	336,096	1,050,513	1,047,431	3,082	619,291
Staff Support					
Salaries	217,701	245,773	242,436	3,337	236,888
Benefits	68,005	92,538	59,797	32,741	74,038
PS-Professional	99,982	206,326	5,515	200,811	60,268
PS-Other	19,576	31,026	33,604	(2,578)	18,165
Supplies	11,900	18,269	5,683	12,586	3,773
Property	-	-	-	-	(1,105)
Other Expenses	1,200	1,200	25,195	(23,995)	(752)
Total Staff Support	418,364	595,132	372,230	222,902	391,275
General Administration					
Salaries	55,000	110,000	55,750	54,250	70,000
Benefits	15,748	19,958	15,686	4,272	20,042
PS-Professional	15,000	15,000	23,043	(8,043)	11,263
PS-Other	1,000	1,000	3,662	(2,662)	4,398
Supplies	2,000	2,000	1,011	989	2,638
Other Expenses	1,313	1,313	-	1,313	17
Total General Administration	90,061	149,271	99,152	50,119	108,358

(Continued)

	2022				2021
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Actual Amounts
Business Services					
Salaries	55,727	69,566	76,925	(7,359)	59,385
Benefits	18,812	21,905	23,343	(1,438)	20,251
PS-Professional	17,000	17,000	-	17,000	10,303
PS-Other	1,000	1,000	13,226	(12,226)	12,721
Supplies	15,000	16,500	10,239	6,261	25,758
Property	-	-	-	-	10,440
Total Business Services	107,539	125,971	123,733	2,238	138,858
Operations and Maintenace					
Salaries	2,900	4,275	13,511	(9,236)	81
Benefits	-	307	3,083	(2,776)	713
PS-Property	21,450	21,450	18,021	3,429	12,953
Property	-	10,082	5,448	4,634	1,597
Total Operations and Maintenance	24,350	36,114	40,063	(3,949)	15,344
Transportation					
Salaries	-	-	-	-	200
Benefits	-	-	-	-	621
Property	-	-	33,409	(33,409)	747
Total Transportation	-	-	33,409	(33,409)	1,568
Other Central Support					
Salaries	141,356	148,416	129,650	18,766	84,929
Benefits	56,013	57,546	48,356	9,190	29,572
PS-Professional	47,919	49,438	30,384	19,054	41,722
PS-Other	3,299	3,299	12,180	(8,881)	10,072
Supplies	7,430	17,535	24,083	(6,548)	12,938
Property	-	-	90	(90)	12,252
Other Expenses	1,879	107,266	116,278	(9,012)	(133)
Total Other Central Support	257,896	383,500	361,021	22,479	191,352
Risk Management					
PS-Other	-	23,548	27,635	(4,087)	23,605
Property	-	-	-	-	68
Total Transportation	-	23,548	27,635	(4,087)	23,673
Other Support Services					
PS-Other	8,186	8,000	7,692	308	5,377
Total Supporting Services	8,186	8,000	7,692	308	5,377

(Continued)

	2022				2021
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Actual Amounts
Debt Service					
Interest	-	111	4	107	277
Principal	-	3,453	3,454	(1)	3,287
Total Debt Service	-	3,564	3,458	106	3,564
TOTAL EXPENDITURES	1,423,170	3,697,853	3,416,367	281,486	2,655,677
Excess of Revenues over Expenditures	1,648,527	221,911	(14,455)	(799,338)	70,411
SPECIAL ITEMS					
Proceeds from Sale of Office Building	-	-	-	-	349,536
Loss on Disposal of Operations	-	-	-	-	(228,042)
TOTAL SPECIAL ITEMS	-	-	-	-	121,494
CHANGE IN FUND BALANCE	1,648,527	221,911	(14,455)	(236,366)	191,905
BEGINNING FUND BALANCE	579,575	929,191	1,208,654	279,463	1,016,749
ENDING FUND BALANCE	$ 2,228,102	$ 1,151,102	$ 1,194,199	$ 43,097	$ 1,208,654

See accompanying Independent Auditors' Report.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

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

PERA Pension Plan

Last 20 Fiscal Year

Fiscal Year	BOCES' proportion of the net pension asset (liability)	BOCES' proportionate share of the net pension asset (liability)	Non-employer contributing entity's total proportionate share of the net penson asset (liability)	Total proportionate share associated with BOCES	BOCES' covered payroll	BOCES' proportionate share of the net pension asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2014	0.046427%	(5,921,766)	-	(5,921,766)	1,871,625	316.40%	64.07%
June 30, 2015	0.047128%	(6,387,447)	-	(6,387,447)	1,974,333	323.52%	62.84%
June 30, 2016	0.046290%	(7,081,153)	-	(7,081,153)	2,017,714	350.95%	59.16%
June 30, 2017	0.044074%	(6,480,942)	-	(6,480,942)	726,547	892.02%	43.13%
June 30, 2018	0.026794%	(8,664,272)	-	(8,664,272)	1,235,979	701.00%	43.96%
June 30, 2019	0.007089%	(1,255,303)	(150,998)	(1,406,301)	389,733	322.09%	57.01%
June 30, 2020	0.007684%	(1,148,003)	(129,220)	(1,277,223)	448,658	255.87%	64.52%
June 30, 2021	0.008470%	(1,280,471)	-	(1,280,471)	452,566	282.94%	66.99%
June 30, 2022	0.973480%	(1,132,874)	(125,875)	(1,258,749)	608,394	186.21%	74.86%

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

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

See the accompanying Independent Auditors' Report.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

SCHEDULE OF BOCES' CONTRIBUTIONS

PERA Pension Plan

Last 10 Fiscal Years

Fiscal Year	Contractually required contributions	Actual contributions	Contribtuion deficiency (excess)	BOCES' covered payroll	Contributions as a percentage of covered payroll
June 30, 2014	$ 290,663	(290,663)	-	$ 1,871,625	15.53%
June 30, 2015	$ 324,383	(324,383)	-	$ 1,974,333	16.43%
June 30, 2016	$ 349,670	(349,670)	-	$ 2,017,714	17.33%
June 30, 2017	$ 131,723	(131,723)	-	$ 726,547	18.13%
June 30, 2018	$ 230,263	(230,263)	-	$ 1,235,979	18.63%
June 30, 2019	$ 74,556	(74,556)	-	$ 389,733	19.13%
June 30, 2020	$ 86,950	(86,950)	-	$ 448,658	19.38%
June 30, 2021	$ 88,919	(88,919)	-	$ 452,566	19.65%
June 30, 2022	$ 120,949	(120,949)	-	$ 608,394	19.88%

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

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

See the accompanying Independent Auditors' Report.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

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

PERA Health Care Trust Fund

Last 10 Fiscal Years

Fiscal Year Ended	BOCES' proportion of the net OPEB asset (liability)	BOCES' proportionate share of the net OPEB asset (liability)	BOCES' covered payroll	BOCES' proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2017	0.012373%	(160,417)	726,547	22.079%	16.70%
June 30, 2018	0.015224%	(197,855)	1,235,979	16.008%	17.53%
June 30, 2019	0.004608%	(62,695)	389,733	16.087%	17.03%
June 30, 2020	0.005026%	(56,489)	448,658	12.591%	24.49%
June 30, 2021	0.004894%	(46,503)	452,566	10.275%	32.78%
June 30, 2022	0.006356%	(54,809)	608,394	9.010%	39.40%

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

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

See the accompanying Independent Auditors' Report.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

SCHEDULE OF BOCES' CONTRIBUTIONS - OPEB
PERA Health Care Trust Fund
Last 10 Fiscal Years

Fiscal Year	Contractually required contributions	Actual Contributions	Contribution deficiency (excess)	BOCES' covered payroll	Contributions as a percentage of covered payroll
June 30, 2017	7,411	(7,411)	-	726,547	1.02%
June 30, 2018	12,607	(12,607)	-	1,235,979	1.02%
June 30, 2019	3,975	(3,975)	-	389,733	1.02%
June 30, 2020	4,576	(4,576)	-	448,658	1.02%
June 30, 2021	4,616	(4,616)	-	452,566	1.02%
June 30, 2022	6,206	(6,206)	-	608,394	1.02%

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

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

See the accompanying Independent Auditors' Report.

STATE COMPLIANCE

Colorado Department of Education

Auditors Integrity Report

District: 9030 - Mountain BOCES
Fiscal Year 2021-22
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses -	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance =
Governmental				
10 General Fund	1,208,657	3,727,194	3,741,651	1,194,200
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	**1,208,657**	**3,727,194**	**3,741,651**	**1,194,200**
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
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	**0**	**0**	**0**	**0**
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	**0**	**0**	**0**	**0**
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	**0**	**0**	**0**	**0**

FINAL

Colorado Department of Education

Bolded Balance Sheet Report

District: 9030 - Mountain BOCES

Fiscal Year 2021-22

Colorado School District/BOCES

	Governmental								Proprietary					Fiduciary		
ASSETS	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	1,296,093	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,296,093
Other Investment Accounts (8112-8115)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	187,233	0	0	0	0	0	0	0	0	0	0	0	0	0	0	187,233
Other Receivables (8151-8154,8161)	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
Prepaid Expenses 8181,8182)	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Other Current Assets (8191-8194,8199)	2,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,500
Total Assets	**1,485,829**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,485,829**

	Governmental									Proprietary				Fiduciary		
LIABILITIES & FUND EQUITY **LIABILITIES**	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	44,307	0	0	0	0	0	0	0	0	0	0	0	0	0	0	44,307
Accrued Expenses (7461)	11,990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11,990
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	207,820	0	0	0	0	0	0	0	0	0	0	0	0	0	0	207,820
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow Grants (7801)	27,512	0	0	0	0	0	0	0	0	0	0	0	0	0	0	27,512
Total Liabilities	**291,630**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**291,630**

	Governmental									Proprietary					Fiduciary	
FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR 3% Emergency Reserve 6721	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Program Reserve 6728	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	600,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	600,000
Assigned Fund Balance 6760	257,744	0	0	0	0	0	0	0	0	0	0	0	0	0	0	257,744
Unassigned Fund Balance 6770	336,456	0	0	0	0	0	0	0	0	0	0	0	0	0	0	336,456
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	**1,194,200**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,194,200**

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	1,485,829	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,485,829

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk related activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
For Each Fund Type: Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

SUPPLEMENTARY INFORMATION
***GOVERNMENT AUDITING STANDARDS* and**
UNIFORM GUIDANCE REPORTS

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

Board of Directors
Mountain Board of Cooperative Education
Buena Vista, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mountain Board of Cooperative Education (Mountain BOCES), which comprise the respective financial position of the governmental activities and the major fund of the Mountain Board of Cooperative Educational Services, as of and for the year ended June 30, 2022 and the respective changes in financial position for the year then ended, and have issued our report thereon November 1, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

McPherson, Goodrich, Paulsen & Mehlich, P.C.

November 1, 2022

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Mountain Board of Cooperative Education
Buena Vista, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Mountain Board of Cooperative Education's (Mountain BOCES) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Mountain BOCES's major federal programs for the year ended June 30, 2022. Mountain BOCES's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Mountain BOCES complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Mountain BOCES and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Mountain BOCES's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Mountain BOCES's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Mountain BOCES's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Mountain BOCES's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Mountain BOCES's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Mountain BOCES's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Mountain BOCES's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a significant deficiency in internal control over compliance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Mountain BOCES's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. Mountain BOCES's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

McPherson, Goodrich, Paolucci & Mikelich, P.C.

November 1, 2022

Mountain Board of Cooperative Education
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR AND PROGRAM TITLE OR CLUSTER TITLE	FEDERAL ALN #	PASS-THROUGH ENTITY'S IDENTIFYING NUMBER	TOTAL FEDERAL EXPENDITURES
U.S Department of Education			
Passed through Colorado Department of Education			
Special Education Cluster (IDEA) - Cluster			
Special Education - Grants to States (IDEA, Part B)	84.027	Not Available	$ 638,837
Special Education - Grants to States (IDEA, Part B) - ARPA	84.027	Not Available	155,977
Total Special Education - Grants to States (IDEA, Part B)			794,814
Special Education - Preschool Grants (IDEA Preschool)	84.173	Not Available	20,417
Special Education - Preschool Grants (IDEA Preschool) - ARPA	84.173	Not Available	10,877
Total Special Education - Preschool Grants (IDEA Preschool)			31,294
Total Special Education Cluster (IDEA) - Cluster			826,108
Other Programs			
Education Stabilization Fund (ESF)	84.425	Not Available	62,231
Total U.S. Department of Education			888,339
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 888,339

The accompanying notes are an integral part of this schedule.

Mountain Board of Cooperative Education
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Moutain Board of Cooperative Education (Mountain BOCES) under programs of the federal government for the year ended June 30, 2022. Expenditures reported on the Schedule are reported using the accrual basis of accounting. Such expenditures are recognized and presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Mountain BOCES, it is not intended to, and does not present, the financial position or the changes in financial position of the Mountain BOCES.

NOTE 2 - INDIRECT COST RATE

The Mountain BOCES has elected not to use a de minimis indirect cost rate as allowed under the Uniform Guidance. The Mountain BOCES utilizes a federally-approved indirect cost rate approved by its cognizant agency.

MOUNTAIN BOARD OF COOPERATIVE EDUCATION
SUMMARY SCHEDULE OF AUDIT FINDINGS
JUNE 30, 2022

SECTION I - SUMMARY OF INDEPENDENT AUDITORS' RESULTS

FINANCIAL STATEMENTS

An unmodified opinion was rendered on the financial statements of Mountain Board of Cooperative Education as of and for the year ended June 30, 2022, that were prepared in accordance with generally accepted accounting principles.

Internal control over financial reporting:

- Material weakness(es) identified? _____Yes ___X__No
- Significant deficiency(ies) identified? _____Yes ___X__None reported

Noncompliance material to financial statements noted? _____Yes ___X__No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? _____Yes ___X__No
- Significant deficiency(ies) identified? ___X__Yes _____None reported

Unmodified opinion for major federal program Special Education Cluster (IDEA).

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? ___X__Yes _____No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster (IDEA)

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

Auditee qualified as a low-risk auditee? _____Yes ___X__No

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings relating to the financial statements that are required to be reported in accordance with *Government Auditing Standards* were noted.

SECTION III - FEDERAL AWARD FINDINGS AN QUESTIONED COSTS

Finding 2022-001

Prior Year Finding Number:	N/A
Type of Finding:	Internal Control over Compliance
Severity of Deficiency:	Significant Deficiency
Federal Agency:	U.S. Department of Education
CFDA#:	84.027, 84.173 – Special Education Cluster
Pass-through Entity:	Colorado Department of Education

Type of Compliance Requirement – Criteria: Procurement, Suspension, and Debarment – 2CFR §§200.318 through 200.327

Criteria or specific requirement: Internal control over procurement, suspension, and debarment for federal award programs as indicated within the Uniform Guidance as indicated from the following excerpt(s):

§200.318 – General procurement standards

(a) The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§200.317 through 200.327.

Condition: During our review of Mountain Board of Cooperative Education's procurement policy, we noted it did not include all the required language to ensure full compliance with 2CFR §§ 200.318 through 200.327, particularly the requirements discussing the allowable procurement methods, dollar thresholds, and the requirements for each allowable method.

Cause: Management was unaware that the procurement policy had to meet these compliance requirements.

Effect: Mountain Board of Cooperative Education may procure property and services that are not in compliance with Uniform Guidance.

Questioned Costs: There were no reportable questioned costs related to this finding.

Recommendation: We recommend Mountain Board of Cooperative Education update their procurement policy to encompass all requirements set by 2 CFR §§200.318 through 200.327.

View of responsible officials and planned corrective action: We agree with the above finding and have implemented an appropriate corrective action plan.

MOUNTAIN BOARD OF COOPERATIVE EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2022

Not Applicable

MOUNTAIN BOCES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES

November 22, 2022

RE: Finding 2022-001: Internal Control over Compliance

The following is the Corrective Action Plan (CAP) related to the noted finding.

Corrective Action Plan

Agency:	Colorado Department of Education
Audit Period:	FY21-22
Audit Finding Number:	2022-001
Audit Finding Title:	Internal Control over Compliance
Specific Steps to be Taken:	Mountain BOCES currently utilizes a mostly decentralized purchasing system. Improved documentation and trainings relating to procurement policies and procedures as well as increased internal controls were put into place during the second half of 2022 and will continue in 2023. Mountain BOCES has been re-writing these policies to include required language and alignment with 2CFR §§ 200.317 through 200.327, particularly the requirements discussing the allowable procurement methods, dollar thresholds, and the requirements for each allowable method. The procurement policy is undergoing a major re-write in 2023 by the Executive Director and newly hired Business Manager to ensure sufficient internal controls and overall improved efficiencies.
Anticipated Completion Date:	Ongoing
Name(s) and Title(s) of Contact Person responsible for Correction Action:	Wendy Wyman, Executive Director

If you should have any questions or comments, please do not hesitate to contact me at wwyman@mtnboces.org.