

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

**FINANCIAL
STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR
ENDED JUNE 30, 2023**

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

ROSTER OF OFFICIALS June 30, 2023

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
Mandy Paschall – 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

ADMINISTRATIVE

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

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MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

June 30, 2023

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, 2023. 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 \$21,830 compared to the prior year. The end of fiscal year 2023’s total net position was \$110,878, compared to \$89,048 at the end of fiscal year 2022.

Mountain BOCES ended with a fund balance in the General Fund of \$1,365,117 which is an increase of \$170,918 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 \$681,468 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 \$110,878, compared to \$89,048 at the end of fiscal year 2022, increasing the net position by \$21,830.

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 – All 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:

	2023	2022
Assets and Deferred Outflows of Resources:		
Current Assets	\$ 1,533,142	\$ 1,485,829
Capital Assets – Net	45,577	49,059
Deferred Outflows of Resources	528,689	500,096
Total Assets & Deferred Outflows of Resources	2,107,408	2,034,984
Liabilities and Deferred Inflows of Resources:		
Current Liabilities	118,413	264,117
Non-current Liabilities	1,829,841	1,187,979
Deferred Inflows of Resources	48,276	493,840
Total Liabilities & Deferred Inflows of Resources	1,996,530	1,945,936
Net Position:		
Net Invested in Capital Assets	45,577	48,763
Unrestricted Net Position	65,301	40,285
Total Net Position (Deficit)	110,878	89,048
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,107,408	\$ 2,034,984

Current assets increased by \$47,313 and with a decrease in capital assets net of accumulated depreciation and a increase in deferred outflows of resources, the increase in total assets and deferred outflows of resources from the prior year is \$72,424.

Total liabilities increased \$496,158. The majority of increase in liabilities is due to increases to the pension and OPEB liability and is offset by decreases in deferred revenues related to revenue advanced from the State. 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:	2023	2022
Charges for Services	\$ 591,838	\$ 821,289
Operating Grants	3,296,793	2,500,861
Total Program Revenues	3,888,631	3,322,150
General Revenues:		
Investment Earnings	28,030	1,722
Miscellaneous Revenues	-	16,161
Total General Revenues	28,030	17,883
Total Revenues	3,916,661	3,340,033
Expenses:		
Instruction	1,829,437	1,084,927
Supporting Services	2,065,394	1,133,271
Total Expenses	3,894,831	2,218,198
Change in Net Position	21,830	1,121,835
Net Position - Beginning	89,048	(1,032,787)
Net Position Ending	\$ 110,878	\$ 89,048

A year-to-year increase in total revenues of \$576,628, is primarily attributed to an increase in operating grants of \$795,932. However, local revenues were down, charges for services and grant revenue were also up from the prior year. State grant revenue increased \$601,841 due to new programs and increased funding overall and federal revenue decreased \$58,479 largely due to American Rescue Plan funding received in prior year. Expenses were also up \$1,676,633 due to pensions expenses.

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 2023 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 Fund. The General Fund accounts for all of Mountain BOCES' instruction and support operations.

Fund Financial Statements

As of June 30, 2023, Mountain BOCES' governmental funds reported a fund balance of \$1,365,117, that is an increase of \$170,918 from the June 30, 2022 fund balance.

The governmental fund has unassigned fundequity of \$342,376 which may be used to meet Mountain BOCES' ongoing obligations. The unassigned fund equity increased \$5,921 from the previous year. The assigned fund equity of \$422,741 is designated to specific programs and capital expenditures. The committed fund equity of \$600,000 is for capital reserves and SPED legal expenditures.

Capital Assets

As of June 30, 2023, Mountain BOCES had a net \$45,577 invested in furniture and equipment. A summary of Mountain BOCES' capital assets is as follows:

	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2021</u>
Depreciable assets				
Transportation equipment	\$ 155,274	\$ 11,906	\$ (20,930)	\$ 146,250
Other equipment	36,265	-	(6,815)	29,450
Total assets	<u>191,539</u>	<u>11,906</u>	<u>(27,745)</u>	<u>175,700</u>
Accumulated depreciation				
Transportation equipment	(110,932)	(2,929)	20,930	(92,931)
Other equipment	(31,548)	(12,459)	6,815	(37,192)
Total accumulated depreciation	<u>(142,480)</u>	<u>(15,388)</u>	<u>27,745</u>	<u>(130,123)</u>
Net Capital assets	<u>49,059</u>	<u>(3,482)</u>	<u>-</u>	<u>45,577</u>
Instruction		\$ 6,155		
Supporting services		9,233		
Total depreciation		<u>\$ 15,388</u>		

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

Debt Administration

As of June 30, 2023 Mountain BOCES had no outstanding debt.

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 \$612,986 lower than the revised budget primarily related to the use of prior year fund balances. Expenditures were \$782,003 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 719.398.3509.



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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, 2023, 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, 2023 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, 2022 financial statements were audited by our firm and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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 Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports on pages 49-53 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 Auditor’s Integrity and Bolded Balance Sheet reports are 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 9, 2023, 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.

M. Pherson, Coordinator, Paolucci & Mitchell, P.C.

November 9, 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, 2023.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF NET POSITION
June 30, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Governmental Activities
Assets	
Current Assets	
Cash and Investments	\$ 1,439,688
Grants Receivable	76,155
Other Accounts Receivable	14,797
Deposits	2,500
Capital and Other Assets	
Capital Assets Being Depreciated, net	45,577
Total Assets	1,578,717
Deferred Outflows of Resources	
Net Pension Deferred Outflows	494,061
Net OPEB Deferred Outflows	34,628
Total Deferred Outflows of Resources	528,689
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	10,439
Accrued Salaries & Benefits	6,646
Unearned Revenue Grants	101,329
Noncurrent Liabilities	
Due Within One Year	-
Due In More Than One Year	1,829,841
Total Liabilities	1,948,255
Deferred Inflows of Resources	
Net Pension	1,770
Net OPEB	46,506
Total Deferred Inflows of Resources	48,276
Net Position	
Net Investment in Capital Assets	45,577
Unrestricted Net Position	65,298
Total Net Position	\$ 110,875

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, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 1,829,425	\$ -	\$ 2,132,381	\$ 302,956
Supporting Services	2,065,394	591,838	1,164,409	(309,147)
Total Primary Government	3,894,819	591,838	3,296,790	(6,191)
		General Revenues		
				28,030
				(12)
				28,018
				Change in Net Position
				21,827
				89,048
				110,875

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, 2023
(With Comparative Totals for June 30, 2022)

	2023	2022
ASSETS		
Cash and Investments	\$ 1,439,688	\$ 1,296,093
Grants Receivable	76,155	187,235
Other Accounts Receivable	14,797	-
Deposits	2,500	2,500
TOTAL ASSETS	\$ 1,533,140	\$ 1,485,828
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 10,439	\$ 44,307
Accrued Salaries & Benefits	6,646	11,990
Unearned Revenue-Grants	101,329	207,820
Total Liabilities	118,414	264,117
Deferred Inflows of Resources	49,612	27,512
Fund Balance		
Committed Fund Balance	600,000	600,000
Assigned Fund Balance	422,741	257,744
Unassigned Fund Balance	342,373	336,455
Total Fund Balance	1,365,114	1,194,199
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,533,140	\$ 1,485,828

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, 2023

Fund Balance - Governmental Funds		\$ 1,365,114
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, being depreciated	\$ 175,700	
Accumulated depreciation	<u>(130,123)</u>	\$ 45,577
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	494,061	
Net pension liability	(1,769,525)	
Net pension deferred inflows	<u>(1,770)</u>	(1,277,234)
OPEB Liability		
Net OPEB deferred outflows	34,628	
Net OPEB liability	(60,316)	
Net OPEB deferred inflows	<u>(46,506)</u>	(72,194)
Certain revenue was earned and accrued in the statement of net position, but has been deferred in the governmental funds balance sheet.		<u>49,612</u>
Total Net Position- Governmental Activities		<u><u>\$ 110,875</u></u>

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds
General Fund
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023	2022
REVENUES		
Local Sources	\$ 830,758	\$ 859,374
State Sources	2,233,940	1,681,711
Federal Sources	829,861	860,827
TOTAL REVENUES	3,894,559	3,401,912
EXPENDITURES		
Current:		
Instruction	1,595,538	1,300,543
Pupil Support	1,061,050	1,047,297
Staff Support	555,583	372,364
General Administration	121,679	99,152
Business Services	132,368	123,733
Operations and Maintenance	40,131	40,063
Transportation	-	33,409
Other Central Support	195,838	361,021
Risk Management	21,149	27,635
Other Supporting Services	-	7,692
Debt Service	308	3,458
TOTAL EXPENDITURES	3,723,644	3,416,367
CHANGE IN FUND BALANCE	170,915	(14,455)
BEGINNING FUND BALANCE	1,194,199	1,208,654
ENDING FUND BALANCE	\$ 1,365,114	\$ 1,194,199

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, 2023

Change in Fund Balance - Governmental Funds \$ 170,915

Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level

Capitalized Asset Purchases	\$ 11,906	
Depreciation Expense	<u>(15,388)</u>	(3,482)

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

Pension Liability

Current year change and amortization of deferred outflows - net	24,387	
Change in net pension liability	(636,651)	
Current year change and amortization of deferred inflows - net	<u>424,157</u>	(188,107)

OPEB Liability

Current year change and amortization of deferred outflows - net	4,205	
Change in OPEB liability	21,407	
Current year change and amortization of deferred inflows - net	<u>(5,507)</u>	20,105

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

Principal payments on capital leases 296

Certain revenue was earned and accrued in the statement of activities, but has been deferred in the governmental funds balance sheet. 22,100

Total Change in Net Postion - Governmental Activities \$ 21,827

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 the governmental 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 have any 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.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 all financial resources except those required to be accounted for in another fund.

C. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the 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 the financial statements:

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 meet current 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 available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

The 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. Depreciation is calculated using the straight-line method over the following useful estimated lives:

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 it is not paid out upon termination.

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The 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.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 committed fund balances of \$600,000.

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.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

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 requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2023, all of the Mountain BOCES’ deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	June 30, 2023	
	Bank Balance	Carrying Balance
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized (Not in BOCES name)	590,507	464,468
Total Deposits	\$ 840,507	\$ 714,468

Investments

Credit Risk

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

- 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, 2023, 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, 2023, the Mountain BOCES did not have any investments requiring safekeeping.

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

Bank Deposits	\$ 714,468
Local Gov't Investment Pools	<u>725,220</u>
Total Cash and Investments	<u><u>\$ 1,439,688</u></u>

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 7/1/2022	Additions	Retirements	Balance 6/30/2023
Depreciable assets				
Transportation equipment	\$ 155,274	\$ 11,906	\$ (20,930)	\$ 146,250
Other equipment	<u>36,265</u>	<u>-</u>	<u>(6,815)</u>	<u>29,450</u>
Total assets	<u>191,539</u>	<u>11,906</u>	<u>(27,745)</u>	<u>175,700</u>
Accumulated depreciation				
Transportation equipment	(110,932)	(2,929)	20,930	(92,931)
Other equipment	<u>(31,548)</u>	<u>(12,459)</u>	<u>6,815</u>	<u>(37,192)</u>
Total accumulated	<u>(142,480)</u>	<u>(15,388)</u>	<u>27,745</u>	<u>(130,123)</u>
Net Capital assets	<u>\$ 49,059</u>	<u>\$ (3,482)</u>	<u>\$ -</u>	<u>\$ 45,577</u>
Insturction		\$ 6,155		
Supporting services		<u>9,233</u>		
Total depreciation		<u>\$ 15,388</u>		

NOTE 4: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2023, are \$6,646. 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, 2023, were as follows:

	Balance 6/30/2022	Advances	Payments	Balance 6/30/2023	Current Portion	Interest Expense
Net OPEB Liability	\$ 54,809	\$ 5,507	\$ -	\$ 60,316	\$ -	\$ -
PERA Net Pension	1,132,874	636,651	-	1,769,525	-	-
Capital Leases Payable	<u>296</u>	<u>-</u>	<u>(296)</u>	<u>-</u>	<u>-</u>	<u>12</u>
Total Long-Term Liabilities	<u>\$ 1,187,979</u>	<u>\$ 642,158</u>	<u>\$ (296)</u>	<u>\$ 1,829,841</u>	<u>\$ -</u>	<u>\$ 12</u>

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 6: FUND BALANCE

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

SWAP Matching Funds	\$	170,000
Alt Licensure Assigned Fund Balance		<u>252,741</u>
Total Assigned Fund Balance	\$	<u>422,741</u>

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		<u>200,000</u>
Total Committed Fund Balance	\$	<u>600,000</u>

NOTE 7: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: DEFINED BENEFIT 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, 2022. 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.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Contributions provisions as of June 30, 2023: 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 11.00 percent of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 Through June 30, 2023
Employer contribution rate	11.40%
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	10.38%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

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 \$150,895 for the year ended June 30, 2023.

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. House Bill (HB) 22-1029, instructs the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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, 2022, and the total pension liability(TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The MOUNTAIN BOCES proportion of the net pension liability was based on the Mountain BOCES' contributions to the SCHDTF for the calendar year 2022 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 \$2,285,322 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:

Mountain BOCES' proportionate share of the net pension liability	\$ 1,769,525
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with Mountain BOCES	515,797
Total	\$ 2,285,322

At December 31, 2022, the Mountain BOCES proportion was 0.009718 percent, which was an decrease of 0.000017 from its proportion measured as of December 31, 2021.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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)

For the year ended June 30, 2023, the Mountain BOCES recognized a pension expense of \$274,283 and revenue of \$43,972 for support from the State as a nonemployer contributing entity. At June 30, 2023, the Mountain BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 16,747	\$ -
Changes of assumptions or other inputs	31,344	-
Net difference between projected and actual earnings on pension plan investments	237,712	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions- Plan Basis	121,963	1,770
Differences between contributions recognized and proportionate share of contributions	118	
Contributions subsequent to the measurement date	86,177	-
Total	\$ 494,061	\$ 1,770

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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)

\$86,177 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, 2024. 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
2024	\$ 120,812
2025	60,146
2026	86,890
2027	138,266
Total	\$ 406,114

Actuarial assumptions. The TPL in the December 31, 2021, actuarial valuation was determined 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 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.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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.

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, 2021, 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.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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.

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 TPL 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%.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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)

- 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 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future planmembers.
- 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 and required adjustments resulting from the 2018 and 2020 AAP assessments. 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.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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)

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.

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	\$ 2,315,700	\$ 1,769,525	\$ 1,313,414

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 (PERA Plus 401(k) Plan)

Plan Description - Employees of the MOUNTAIN BOCES that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program (PERA Plus 401(k) Plan), 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, 2023 there were no contributions by program members.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

DPS Benefit Structure

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

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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. Employer contributions recognized by the HCTF from the MOUNTAIN BOCES were \$7,646 for the year ended June 30, 2023.

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

At June 30, 2023, the MOUNTAIN BOCES reported a liability of \$60,316 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2022. The MOUNTAIN BOCES' proportion of the net OPEB liability was based on the MOUNTAIN BOCES' contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the MOUNTAIN BOCES' proportion was 0.007387 percent, which was an increase of 0.001031 from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the MOUNTAIN BOCES recognized an OPEB expense of \$15,792. At June 30, 2023, the MOUNTAIN BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 8	\$ (14,587)
Net difference between projected and actual earnings on pension plan investments	3,684	-
Changes of assumptions or other inputs	969	(6,657)
Changes in proportion and differences between contributions recognized and proportionate share of contributions- Plan Basis	25,654	(25,262)
Contributions subsequent to the measurement date	4,313	-
Total	\$ 34,628	\$ (46,506)

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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)

\$4,313 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, 2024. 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
2024	\$ (21,164)
2025	(2,272)
2026	2,068
2027	4,475
2028	604
2029	98
Total	\$ (16,191)

Actuarial assumptions. The total OPEB liability in the December 31, 2021 actuarial valuation was determined 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%
Health care costs trend rates	
PERA Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% for 2022, 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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 total OPEB liability for the HCTF, as of December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tr-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option, based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	0.2%	1.4%
72	1.6%	1.5%
73	1.4%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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)

Sample Age	MAPO PPO #1 with Medicare Part A		MAPO PPO #2 with Medicare Part A		MAPO HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,704	\$1,450	\$583	\$496	\$1,923	\$1,634
70	\$1,976	\$1,561	\$676	\$534	\$2,229	\$1,761
75	\$2,128	\$1,681	\$728	\$575	\$2,401	\$1,896

Sample Age	MAPO PPO #1 without Medicare Part A		MAPO PPO #2 without Medicare Part A		MAPO HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,514	\$5,542	\$4,227	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

The 2022 Medicare Part A premium is \$499 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, 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.

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-

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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:

- Per capita health care costs in effect as of the December 31, 2021, valuation date 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 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthCare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates for health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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.

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the total OPEB liability, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, 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 five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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)

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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)

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 care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Trend Rate	1% Increase
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate share of the net OPEB asset (liability)	\$ (58,609)	\$ (60,316)	\$ (62,174)

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, 2022, 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.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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)

- 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 netposition 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 allperiods 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 7.25percent. 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 itwere calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage- point higher (8.25 percent) than the current rate:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (69,925)	\$ (60,316)	\$ (52,098)

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.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

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, 2023
(With Comparative Totals for the Year Ended June 30 2022)

	<u>2023</u>			<u>2022</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
REVENUES					
Local Sources					
Investment Earnings	\$ 400	\$ 11,400	\$ 28,030	\$ 16,630	\$ 1,722
Local BOCES Passthrough	575,940	575,940	648,050	72,110	589,134
Alternative License Revenue	134,938	37,500	39,407	1,907	140,687
Other Local	102,076	110,232	115,271	5,039	127,831
Use of Fund Balance Reserves	-	-	-	-	-
Total Local Sources	<u>813,354</u>	<u>735,072</u>	<u>830,758</u>	<u>95,686</u>	<u>859,374</u>
State Sources					
State Grants from CDE					
State ECEA (Special Education)	1,105,716	1,438,259	1,380,856	(57,403)	1,104,772
State Gifted and Talented	66,919	66,862	66,862	-	66,919
Implementing State Educational Priorities	240,124	276,672	207,448	(69,224)	111,431
Gifted Ed- Univ Screening and Qualified Personnel	25,524	32,293	28,653	(3,640)	24,367
Other State Grants	52,112	306,115	230,176	(75,939)	48,942
State Grants from Other Agencies					
School to Work Alliance Program(SWAP)	678,912	678,912	289,845	(389,067)	325,280
Workforce Education	-	35,200	30,100	(5,100)	-
Total State Sources	<u>2,169,307</u>	<u>2,834,313</u>	<u>2,233,940</u>	<u>(600,373)</u>	<u>1,681,711</u>
Federal Sources					
Federal Grants from CDE					
Special Education- Grants to States- IDEA Part B	638,836	707,712	684,176	(23,536)	794,814
IDEA Part B- Special Education Preschool	20,780	24,234	21,043	(3,191)	31,294
Elementary and Secondary School Emergency Relief Fund	109,513	161,568	124,642	(36,926)	34,719
Total Federal Sources	<u>769,129</u>	<u>893,514</u>	<u>829,861</u>	<u>(63,653)</u>	<u>860,827</u>
TOTAL REVENUES	<u>3,751,790</u>	<u>4,462,899</u>	<u>3,894,559</u>	<u>(568,340)</u>	<u>3,401,912</u>

(Continued)

	2023			2022	
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
EXPENDITURES					
Instruction					
Salaries	116,738	11,434	13,453	(2,019)	7,635
Benefits	40,487	2,612	3,074	(462)	1,946
PS-Professional	12,000	153,951	106,769	47,182	84,910
PS-Other	1,193,233	1,529,052	1,464,965	64,087	1,204,612
Supplies	150	150	441	(291)	840
Property	-	5,510	5,281	229	600
PS-Property	-	1,555	1,555	-	-
Total Instruction	1,362,608	1,704,264	1,595,538	108,726	1,300,543
Supporting Services					
Pupil Support					
Salaries	276,719	277,223	273,899	3,324	210,661
Benefits	94,716	94,831	94,113	718	73,097
PS-Professional	2,000	3,500	2,291	1,209	3,215
PS-Other	584,958	653,663	632,373	21,290	751,053
Supplies	36,458	36,458	42,492	(6,034)	-
Property	5,000	5,000	14,832	(9,832)	9,271
Other Expenses	(3)	(7)	-	(7)	-
Total Pupil Support	999,848	1,070,668	1,061,050	9,618	1,047,297
Staff Support					
Salaries	338,586	340,934	342,240	(1,306)	242,436
Benefits	98,090	102,082	98,421	3,661	59,797
PS-Professional	171,228	115,399	43,385	72,014	5,515
PS-Other	25,968	37,170	39,275	(2,105)	33,604
Supplies	31,016	36,218	13,658	22,560	5,817
Property	-	-	409	(409)	-
PS-Property	-	-	-	-	-
Other Expenses	-	297,328	18,195	279,133	25,195
Total Staff Support	664,888	929,131	555,583	373,548	372,364
General Administration					
Salaries	59,300	59,300	59,770	(470)	55,750
Benefits	20,458	17,005	17,251	(246)	15,686
PS-Professional	32,000	39,500	35,026	4,474	23,043
PS-Other	1,000	1,250	1,793	(543)	3,662
Supplies	2,000	2,000	54	1,946	1,011
Property	-	-	808	(808)	-
PS-Property	-	4,900	4,147	753	-
Other Expenses	-	2,830	2,830	-	-
Total General Administration	114,758	126,785	121,679	5,106	99,152

(Continued)

	2023			2022	
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Business Services					
Salaries	66,000	100,125	93,867	6,258	76,925
Benefits	21,988	29,669	27,461	2,208	23,343
PS-Professional	-	2,000	1,922	78	-
PS-Other	1,000	3,500	2,480	1,020	102
Supplies	15,000	10,000	6,321	3,679	23,363
Other Expenses	-	2,140	317	1,823	-
Total Business Services	103,988	147,434	132,368	13,243	123,733
Operations and Maintenance					
Salaries	12,250	12,250	9,226	3,024	13,511
Benefits	2,799	2,799	2,107	692	3,083
PS-Property	11,513	28,713	21,917	6,796	18,021
Property	-	-	11,528	(11,528)	5,448
Other	-	(10,700)	(4,647)	(6,053)	-
Total Operations and Maintenance	26,562	33,062	40,131	(7,069)	40,063
Transportation					
Property	-	-	-	-	33,409
Total Transportation	-	-	-	-	33,409
Other Central Support					
Salaries	12,349	12,349	14,676	(2,327)	129,650
Benefits	2,822	2,822	3,357	(535)	48,356
PS-Professional	-	-	-	-	30,384
PS-Other	31,734	63,234	66,701	(3,467)	12,180
Supplies	10,800	11,300	2,205	9,095	24,083
Property	-	-	-	-	90
Other Expenses	441,532	447,188	108,899	338,289	116,278
Total Other Central Support	499,237	536,893	195,838	341,055	361,021
Risk Management					
PS-Other	30,216	31,936	21,149	10,787	27,635
Total Transportation	30,216	31,936	21,149	10,787	27,635
Other Support Services					
PS-Other	-	-	-	-	7,692
Total Supporting Services	-	-	-	-	7,692

(Continued)

	2023			2022	
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Debt Service					
Interest	-	-	12	(12)	4
Principal	297	297	296	1	3,454
Total Debt Service	297	297	308	(11)	3,458
TOTAL EXPENDITURES	3,802,402	4,580,470	3,723,644	855,003	3,416,367
Excess of Revenues over Expenditures	(50,612)	(117,571)	170,915	(1,423,343)	(14,455)
CHANGE IN FUND BALANCE	(50,612)	(117,571)	170,915	288,486	(14,455)
BEGINNING FUND BALANCE	1,105,291	1,194,199	1,194,199	-	1,208,654
ENDING FUND BALANCE	<u>\$ 1,054,679</u>	<u>\$ 1,076,628</u>	<u>\$ 1,365,114</u>	<u>\$ 288,486</u>	<u>\$ 1,194,199</u>

See accompanying Independent Auditors' Report.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
JUNE 30, 2023
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Year

Fiscal Year	BOCES' proportion of the net pension asset (liability)		BOCES' proportionate share of the net pension asset (liability)		Non-employer contributing entity's total proportionate share of the net pension asset (liability)		Total proportionate share associated with BOCES		BOCES' covered payroll		BOCES' proportionate share of the net pension asset (liability) as a percentage of covered payroll		Plan fiduciary net position as a percentage of the total pension liability	
	BOCES' proportion of the net pension asset (liability)	BOCES' proportionate share of the net pension asset (liability)	BOCES' proportionate share of the net pension asset (liability)	BOCES' proportionate share of the net pension asset (liability)	Non-employer contributing entity's total proportionate share of the net pension asset (liability)	BOCES	BOCES	BOCES' covered payroll	BOCES' covered payroll	BOCES' proportionate share of the net pension asset (liability) as a percentage of 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	Plan fiduciary net position as a percentage of the total pension liability	
June 30, 2014	0.046427%	(5,921,766)	(5,921,766)	-	-	(5,921,766)	(5,921,766)	1,871,625	1,871,625	316.40%	316.40%	64.07%	64.07%	
June 30, 2015	0.047128%	(6,387,447)	(6,387,447)	-	-	(6,387,447)	(6,387,447)	1,974,333	1,974,333	323.52%	323.52%	62.84%	62.84%	
June 30, 2016	0.046290%	(7,081,153)	(7,081,153)	-	-	(7,081,153)	(7,081,153)	2,017,714	2,017,714	350.95%	350.95%	59.16%	59.16%	
June 30, 2017	0.044074%	(6,480,942)	(6,480,942)	-	-	(6,480,942)	(6,480,942)	726,547	726,547	892.02%	892.02%	43.13%	43.13%	
June 30, 2018	0.026794%	(8,664,272)	(8,664,272)	-	-	(8,664,272)	(8,664,272)	1,235,979	1,235,979	701.00%	701.00%	43.96%	43.96%	
June 30, 2019	0.007089%	(1,255,303)	(1,255,303)	(150,998)	(150,998)	(1,406,301)	(1,406,301)	389,733	389,733	322.09%	322.09%	57.01%	57.01%	
June 30, 2020	0.007684%	(1,148,003)	(1,148,003)	(129,220)	(129,220)	(1,277,223)	(1,277,223)	448,658	448,658	255.87%	255.87%	64.52%	64.52%	
June 30, 2021	0.008470%	(1,280,471)	(1,280,471)	-	-	(1,280,471)	(1,280,471)	452,566	452,566	282.94%	282.94%	66.99%	66.99%	
June 30, 2022	0.973480%	(1,132,874)	(1,132,874)	(125,875)	(125,875)	(1,258,749)	(1,258,749)	608,394	608,394	186.21%	186.21%	74.86%	74.86%	
June 30, 2023	0.009718%	(1,769,525)	(1,769,525)	(525,797)	(525,797)	(2,295,322)	(2,295,322)	749,647	749,647	236.05%	236.05%	61.79%	61.79%	

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

See the accompanying Independent Auditors' Report.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

JUNE 30, 2023

SCHEDULE OF CONTRIBUTIONS

PERA Pension Plan

Last 10 Fiscal Years

Fiscal Year	Contractually required contributions	Actual contributions	Contribuion deficiency (excess)	BOCES' covered payroll	Contributions as a percentage of covered payroll
June 30, 2014	\$ 290,663	(290,663)	-	\$ 1,871,625	15.53%
June 30, 2015	\$ 324,383	(324,383)	-	\$ 1,974,333	16.43%
June 30, 2016	\$ 349,670	(349,670)	-	\$ 2,017,714	17.33%
June 30, 2017	\$ 131,723	(131,723)	-	\$ 726,547	18.13%
June 30, 2018	\$ 230,263	(230,263)	-	\$ 1,235,979	18.63%
June 30, 2019	\$ 74,556	(74,556)	-	\$ 389,733	19.13%
June 30, 2020	\$ 86,950	(86,950)	-	\$ 448,658	19.38%
June 30, 2021	\$ 88,919	(88,919)	-	\$ 452,566	19.65%
June 30, 2022	\$ 120,949	(120,949)	-	\$ 608,394	19.88%
June 30, 2023	\$ 150,895	(150,895)	-	\$ 749,647	20.13%

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

See the accompanying Independent Auditors' Report.

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

JUNE 30, 2023

SCHEDULE OF THE 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%
June 30, 2023	0.007387%	(60,316)	749,647	8.050%	38.57%

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
JUNE 30, 2023
SCHEDULE OF 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%
June 30, 2023	7,646	(7,646)	-	749,647	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 2022-23
 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	1,194,200		4,234,013		4,063,099		1,365,113
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
Sub-Total	1,194,200		4,234,013		4,063,099		1,365,113
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

DRAFT



Colorado Department of Education
Bolded Balance Sheet Report
 District: 9030 - Mountain BOCES
 Fiscal Year 2022-23
 Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary			
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	1,439,688	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,439,688
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
Intergovernmental Accounts Rec (8141)	14,797	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14,797
Grants Accounts Receivable (8142)	76,154	0	0	0	0	0	0	0	0	0	0	0	0	0	0	76,154
Other Receivables (8151-8154,8161)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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	1,533,140	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,533,140

	Governmental							Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
LIABILITIES & FUND EQUITY															
LIABILITIES															
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	10,440	0	0	0	0	0	0	0	0	0	0	0	0	0	10,440
Accrued Expenses (7461)	6,646	0	0	0	0	0	0	0	0	0	0	0	0	0	6,646
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	101,329	0	0	0	0	0	0	0	0	0	0	0	0	0	101,329
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow Grants (7801)	49,612	0	0	0	0	0	0	0	0	0	0	0	0	0	49,612
Total Liabilities	168,026	0	0	0	0	0	0	0	0	0	0	0	0	0	168,026

Governmental

Proprietary

Fiduciary

FUND EQUITY	Governmental											Proprietary					Fiduciary			
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals				
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	422,741	0	0	0	0	0	0	0	0	0	0	0	0	0	0	422,741				
Unassigned Fund Balance 6770	342,372	0	0	0	0	0	0	0	0	0	0	0	0	0	0	342,372				
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	1,365,113	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,365,113				

Total Liabilities & Fund Equity	Governmental											Proprietary					Fiduciary			
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals				
1,533,140	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,533,140				

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

SUPPLEMENTARY INFORMATION
GOVERNMENT AUDITING STANDARDS



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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 the governmental activities and the major fund of the Mountain Board of Cooperative Education (Mountain BOCES), as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the mountain BOCES's basic financial statements, and have issued our report thereon dated November 9, 2023

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 opinions 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. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McPherson, Goodrich, Puelavi & Muhlisch, P.C.

November 9, 2023

MOUNTAIN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of Findings and Questioned Costs
JUNE 30, 2023

1. Summary of Auditor's Results

Type of Report issued on financial statements:	Unmodified
Material weaknesses in financial reporting internal control noted:	None
Significant deficiency(ies) indentified that are not considered to be material weaknesses in financial reporting:	None
Material noncompliance noted:	None

2. Summary Schedule of Prior Audit Findings

None