
EDUCATION reENVISIONED

Board of Cooperative Educational Services



EDUCATION
reENVISIONED

AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EDUCATION reENVISIONED BOCES
June 30, 2023

Board of Directors

Lis Richard	President	Representing Montezuma-Cortez School District
Chelsy Harris	Secretary	Representing Pikes Peak State College
Bethany Drosendahl	Treasurer	Member at Large
John Graham	Board Member	Representing District 49

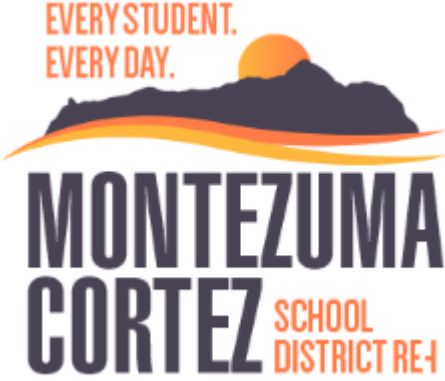
Administrative Officials

Ken Witt	Executive Director
Annette Ridgway	Chief of Finance and Accounting
Suzanne Romero	Director of Special Education and School Performance
Andy Franko	Director of Education Operations

Our Schools and Programs

Colorado Preparatory Academy Elementary School	Alpine International Preparatory Academy
Colorado Preparatory Academy Middle School	Colorado Agribusiness and Equine Sciences Academy
Colorado Preparatory Academy High School	Colorado Homeschool Enrichment
Colorado Summit Connections Academy	Front Range Construction Academy
Pikes Peak Online School	Haven School
Williamsburg Academy of Colorado	La Luz
	Prenda
Ascend College Prep	Renaissance Innovation Academy
Orton Academy	Summit Homeschool Academy
Education reEnvisioned School	Williamsburg Learning

Our Strategic Partners



EDUCATION reENVISIONED BOCES
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Education reEnvisioned BOCES

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Education reEnvisioned BOCES, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Education reEnvisioned BOCES's 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 each major fund of the Education reEnvisioned BOCES, as of 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 Education reEnvisioned 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.

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 Education reEnvisioned 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 Education reEnvisioned 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 Education reEnvisioned 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 and required supplementary information as listed in the table of contents 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 Education reEnvisioned BOCES's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for

purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2023 on our consideration of the Education reEnvisioned 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 Education reEnvisioned 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 Education reEnvisioned BOCES's internal control over financial reporting and compliance.

Hoelting & Company Inc.

Colorado Springs, Colorado
October 25, 2023

EDUCATION REENVISIONED BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2023

As management of the Education reEnvisioned Board of Cooperative Educational Services (ERBOCES), we offer readers of ERBOCES financial statements this narrative overview and analysis of the financial activities of ERBOCES for the fiscal year ended June 30, 2023.

Financial Highlights

- ERBOCES only participated in Governmental Activities during 2022/23. As of June 30, 2023, ERBOCES had a Net Position totaling \$4.7M, an increase of \$1.3M from the prior year.
- Total Full-Time Equivalent student count (sFTE) for 2022/23 was 4,265.5, a 3% increase from the prior year. The increase was driven by the addition of one multi-district online school and several homeschool enrichment programs to the ERBOCES portfolio of authorized schools and programs.
- Total revenues for 2022/23 were \$40.7M. General Revenues for the Governmental Activities of ERBOCES totaled \$37.7M, or 93% of total revenues. Program specific revenues in the form of State and Federal Grants accounted for \$3.0M or 7% of total revenues.
- General Expenditures for the Governmental Activities of ERBOCES totaled \$39.3M. Purchased instructional services accounted for 96% of Total Expenditures.
- ERBOCES had nine contract schools and ten homeschool enrichment programs in 2022/23. A contract school is different from a charter school in that there is no charter contract to supersede the chartering organization’s authority over the school. A contract school/program typically utilizes an Education Service Provider (ESP).
 - Contract Schools - ESPs
 - Colorado Preparatory Academy Elementary School, Middle School, and High School – Stride K12
 - Pikes Peak Online School – Stride K12
 - Orton Academy - Colorado Literacy and Learning Center’s School for Dyslexic Learners
 - Ascend College Prep – Ascend College Prep
 - Colorado Summit Connections Academy – Connections Education LLC dba Pearson Online & Blended Learning K-12 USA
 - Education reEnvisioned School - Education reEnvisioned BOCES with individualized contracted education providers
 - Williamsburg Academy of Colorado – Williamsburg Learning
 - Homeschool Enrichment Programs - ESPs
 - Haven School – Haven School
 - Prenda – Prenda Inc.
 - Williamsburg Learning – Williamsburg Learning
 - La Luz Homeschool Enrichment – La Luz Homeschool Enrichment
 - Renaissance Innovation Academy – Renaissance Home School Enrichment

EDUCATION REENVISIONED BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2023

- Alpine International Preparatory Academy – Renaissance Home School Enrichment
 - Colorado Agribusiness and Equine Sciences Academy - Renaissance Home School Enrichment
 - Front Range Construction Academy - Renaissance Home School Enrichment
 - Colorado Homeschool Enrichment – Colorado Homeschool Enrichment
 - Summit Homeschool Academy – Summit Homeschool Academy
-
- Two Brick and Mortar schools, Merit Academy and Pueblo Classical Academy, exited the ERBOCES portfolio of authorized schools to become charter schools of their respective geographical districts.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to ERBOCES' basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to those financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of ERBOCES' finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information about all ERBOCES' assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of ERBOCES is improving or deteriorating.

The *Statement of Activities* presents information showing how ERBOCES' net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of ERBOCES that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of ERBOCES include instruction, instructional support, general and school administration, business and central services.

Fund Financial Statements. A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. ERBOCES, like other state and local governments, uses fund accounting to ensure and demonstrate

EDUCATION REENVISIONED BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2023

compliance with finance-related legal requirements. As an entity that relies heavily on Education Service Providers (i.e., relatively few physical assets), all funds of ERBOCES are categorized as government funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide fund financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating ERBOCES' near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of ERBOCES' near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

ERBOCES maintains two governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances, for both the general fund and the Designated-Purpose Grants Fund.

As required, ERBOCES adopts an annual appropriated budget. A budgetary comparison schedule has been provided for both funds to demonstrate compliance with this budget.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning ERBOCES.

EDUCATION REENVISIONED BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2023

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of changes in a government's financial position over time. In the case of ERBOCES, assets and deferred outflows exceeded liabilities and deferred inflows by \$4.7M at the close of the most recent fiscal year.

STATEMENT OF NET POSITION		
	<u>Governmental Activities</u>	
	2023	2022
ASSETS		
Current assets	\$ 5,537,881	\$ 4,349,500
Non-current assets	504,245	515,576
Total assets	<u>6,042,126</u>	<u>4,865,076</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows	355,757	366,034
Deferred OPEB outflow	20,107	16,084
Total deferred outflows	<u>375,864</u>	<u>382,118</u>
LIABILITIES		
Current liabilities	315,048	531,807
Long-term liabilities		
Net pension liability	1,307,287	888,958
Net OPEB liability	44,649	43,008
Total liabilities	<u>1,666,984</u>	<u>1,463,773</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	47,275	390,493
Deferred OPEB inflows	44,545	74,937
Total deferred inflows	<u>91,820</u>	<u>465,430</u>
NET POSITION		
Net investment in capital assets	504,245	515,576
Restricted for TABOR	1,223,000	1,176,000
Unrestricted	2,931,941	1,626,415
Total net position (deficit)	<u>\$ 4,659,186</u>	<u>\$ 3,317,991</u>

EDUCATION REENVISIONED BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2023

Governmental activities improved the net position of ERBOCES by \$1.3M from the previous year. Program revenues included \$3.0M in operating grants and contributions. General revenues were \$37.7M consisting primarily of school finance act revenue in the form of per pupil revenue. Expenses were \$39.4M expended primarily for instructional purposes.

STATEMENT OF ACTIVITIES		
	<u>Governmental Activities</u>	
	2023	2022
PROGRAM REVENUES		
Charges for service	\$ -	\$ -
Operating Grants & contributions	3,051,447	3,243,355
Capital Grants & contributions	-	-
GENERAL REVENUES		
Per pupil revenue	37,344,232	34,342,863
Investment income	244,796	10,564
Other income	80,190	40,000
TOTAL REVENUES	40,720,665	37,636,782
EXPENSES		
Instruction	37,868,439	34,874,939
Supporting Services	1,511,031	425,571
TOTAL EXPENSES	39,379,470	35,300,510
Change in Net Position	1,341,195	2,336,272
Net position, beginning (deficit)	3,317,991	981,719
Prior Period Adjustment		
Net position, ending (deficit)	\$ 4,659,186	\$ 3,317,991

EDUCATION REENVISIONED BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2023

General Funds Budgetary Highlights

ERBOCES approves the original budget in June based on enrollment projections for the following school year. In January, after a better estimate of enrollment can be made, adjustments are made to the budget.

Significant budget highlights include:

The final (Amended) budget showed a slight revenue increase of \$0.2M from the original (Adopted) budget driven by the following factors:

- \$0.3M increase in Grant Revenue, primarily ESSER and IDEA
- \$0.2M increase in Earnings on Investments
- (\$0.3M) decrease in Per Pupil Revenue for lower student count (39 sFTEs)

The final (Amended) budget showed an expense increase of \$0.4M from the original (Adopted) budget driven by the following factors:

- \$0.4M increase in ERBOCES expenses primarily for School Startup Loans and Special Projects
- \$0.3M increase in Grant Funded Services, primarily ESSER and IDEA
- (\$0.3M) decrease in Professional-Educational Services due to lower student count

Variances with Final Budget:

No material variances between the general fund final budget and the original budget.

Economic Factors and 2023-2024 Budget

ERBOCES anticipates a 30% increase in funded student count based on the addition of 17 homeschool enrichment programs. Per Pupil Revenue is expected to increase by 10%. These factors will drive a 45% increase in revenues.

Increased enrollment will drive a 46% increase in expenses for Professional-Educational Services. ERBOCES expenses are expected to increase by 20% to support both enrollment and program growth.

Fund Balance is expected to improve by \$1.5M. ERBOCES will increase its assigned reserves by \$2.2M to pre-fund new program enrollment.

Requests for Information

The financial report is designed to provide a general overview of ERBOCES' finances for those with an interest in the operation. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief of Finance & Accounting, Education reEnvisioned BOCES, 430 Beacon Lite Road, Suite 150, Monument, CO 80132.

BASIC FINANCIAL STATEMENTS

EDUCATION reENVISIONED BOCES
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 4,832,693
Grants receivable	188,226
Loans receivable	492,500
Prepaid expense	24,462
Capital assets not being depreciated	73,686
Capital assets, net of accumulated depreciation	<u>430,559</u>
Total assets	<u>6,042,126</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	355,757
Deferred OPEB outflows	<u>20,107</u>
Total deferred outflows of resources	<u>375,864</u>
LIABILITIES	
Accounts payable and other current liabilities	224,163
Accrued salaries and benefits	59,535
Unearned revenues	31,350
Noncurrent liabilities:	
Net pension liability	1,307,287
Net OPEB liability	<u>44,649</u>
Total liabilities	<u>1,666,984</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	47,275
Deferred OPEB inflows	<u>44,545</u>
Total deferred inflows of resources	<u>91,820</u>
NET POSITION	
Investment in capital assets	504,245
Restricted:	
Emergencies	1,223,000
Unrestricted	<u>2,931,941</u>
Total net position	<u><u>\$ 4,659,186</u></u>

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

**EDUCATION reENVISIONED BOCES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:					
Instruction	\$ 37,868,439	\$ -	\$ 3,051,447	\$ -	\$ (34,816,992)
Supporting services	1,511,031	-		-	(1,511,031)
Total governmental activities	<u>\$ 39,379,470</u>	<u>\$ -</u>	<u>\$ 3,051,447</u>	<u>\$ -</u>	<u>(36,328,023)</u>
General Revenues:					
Per pupil revenue					37,344,232
Grants and contributions not restricted to specific programs					45,000
Investment income					244,796
Other income					35,190
Total general revenues					<u>37,669,218</u>
Change in net position					1,341,195
Net position, beginning					<u>3,317,991</u>
Net position, ending					<u>\$ 4,659,186</u>

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

EDUCATION reENVISIONED BOCES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>General Fund</u>	<u>Designated Purpose Grants Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 4,832,693	\$ -	\$ 4,832,693
Grants receivable	188,226		188,226
Due from other funds	-	97,986	97,986
Prepaid expenses	24,462	-	24,462
	<u>5,045,381</u>	<u>97,986</u>	<u>5,143,367</u>
Total assets	<u>\$ 5,045,381</u>	<u>\$ 97,986</u>	<u>\$ 5,143,367</u>
LIABILITIES			
Accounts payable and other current liabilities	\$ 126,177	\$ 97,986	\$ 224,163
Accrued salaries and benefits	59,535	-	59,535
Due to other funds	97,986	-	97,986
Unearned revenue	31,350	-	31,350
	<u>315,048</u>	<u>97,986</u>	<u>413,034</u>
Total liabilities	<u>315,048</u>	<u>97,986</u>	<u>413,034</u>
FUND BALANCES			
Nonspendable	24,462	-	24,462
Restricted for TABOR	1,223,000	-	1,223,000
Unassigned	3,482,871	-	3,482,871
	<u>4,730,333</u>	<u>-</u>	<u>4,730,333</u>
Total fund balance	<u>4,730,333</u>	<u>-</u>	<u>4,730,333</u>
Total fund balance and liabilities	<u>\$ 5,045,381</u>	<u>\$ 97,986</u>	<u>\$ 5,143,367</u>

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

**EDUCATION reENVISIONED BOCES
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance of Governmental Funds		\$ 4,730,333
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.</p>		
Capital assets not being depreciated	\$ 73,686	
Capital assets, net of accumulated depreciation	<u>430,559</u>	504,245
<p>Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds.</p>		
Loans receivable		492,500
<p>Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.</p>		
Net pension liabilities	\$ (1,307,287)	
Pension outflows	355,757	
Pension inflows	(47,275)	
Net OPEB liabilities	(44,649)	
OPEB outflows	20,107	
OPEB inflows	<u>(44,545)</u>	<u>(1,067,892)</u>
Total Net Position of Governmental Activities		<u>\$ 4,659,186</u>

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

EDUCATION reENVISIONED BOCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Designated Purpose Grants Fund	Total Governmental Funds
REVENUES			
Local sources	\$ 324,986	\$ -	\$ 324,986
State sources	39,449,369	-	39,449,369
Federal sources	933,997	-	933,997
	<hr/>	<hr/>	<hr/>
Total revenues	40,708,352	-	40,708,352
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Instruction	37,857,107	-	37,857,107
Supporting services	1,446,105	-	1,446,105
	<hr/>	<hr/>	<hr/>
Total expenditures	39,303,212	-	39,303,212
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	1,405,140	-	1,405,140
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Loans issued	(225,000)	-	(225,000)
Loan repayments received	66,000	-	66,000
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(159,000)	-	(159,000)
	<hr/>	<hr/>	<hr/>
Net change in fund balances	1,246,140	-	1,246,140
	<hr/>	<hr/>	<hr/>
Fund balances - Beginning	3,484,193	-	3,484,193
	<hr/>	<hr/>	<hr/>
Fund balances - Ending	\$ 4,730,333	\$ -	\$ 4,730,333
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**EDUCATION reENVISIONED BOCES
RECONCILIATION OF THE STATEMENT OF
REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balance of Governmental Funds		\$ 1,246,140
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense		(11,331)
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Loans issued	\$ 225,000		
Loan repayments received	(66,000)		159,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the funds.

Changes in pension related items	\$ (85,388)		
Changes in OPEB related items	32,774		(52,614)

Change in Net Position of Governmental Activities		\$ 1,341,195
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The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Education reEnvisioned BOCES (the BOCES) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the BOCES are discussed below.

A. REPORTING ENTITY

The BOCES was organized in May 2013 under the provisions of the Boards of Cooperative Services Act of 1965, C.R.S. 22-5-101 et seq. A BOCES is not a political subdivision of the State, but is a legal entity separate and apart from its member school districts and/or higher education entities to which certain governmental decision-making functions have been delegated. Sponsoring member entities are District 49, Pikes Peak State College, and Montezuma-Cortez School District. ERBOCES has authorized six multi-district online schools: Colorado Preparatory Academy Elementary School, Colorado Preparatory Academy Middle School, Colorado Preparatory Academy High School, Colorado Summit Connections Academy, Pikes Peak Online School, and Williamsburg Academy of Colorado; three brick and mortar schools: Ascend College Prep, Education reEnvisioned School, and Orton Academy; and ten homeschool enrichment programs: Alpine International Preparatory Academy, Colorado Agribusiness and Equine Sciences Academy, Colorado Homeschool Enrichment, Front Range Construction Academy, Haven School, La Luz, Prenda, Renaissance Innovation Academy, Summit Homeschool Academy, and Williamsburg Learning. These contract schools utilize Education Service Providers.

The accompanying financial statements present the BOCES and its component units, entities for which the BOCES is considered to be financially accountable. Blended component units are, in substance, part of the BOCES's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the BOCES.

Based on the application of these criteria, the BOCES does not include additional organizations within its reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the BOCES and its component units. Any fiduciary activities are reported only in the fund financial statements. *Governmental activities* are supported by per pupil revenue and intergovernmental revenues.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to students or other service users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for interfund services provided and used, the elimination of which would distort the direct costs and program revenues reported for the various functions.

The emphasis of fund financial statements is on major funds. Major individual funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

The BOCES reports the following major governmental funds:

The *General Fund* is the BOCES's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Designated Purpose Grants Fund* is used to record financial transactions for grants received for designated programs funded by federal, state or local governments.

During the course of operations, the BOCES has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the 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 when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the BOCES considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the BOCES the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Interest and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the BOCES.

*D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/
FUND BALANCE*

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are reported at net asset value.

Receivables

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

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets include tangible and intangible assets that are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for lease assets, are defined by the BOCES as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For lease assets, only those intangible lease assets that cost more than \$50,000 are reported as capital assets.

As the BOCES constructs or acquires capital assets each period they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1 D. *Leases* below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible assets of the BOCES are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years
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Accrued Salaries and Benefits

Salaries and benefits of teachers and other contracted personnel are paid over a twelve-month period, but are earned during a BOCES year of approximately nine months. The salaries and benefits earned, but unpaid, are reported as a liability in the respective funds and have been fully funded as of the fiscal year end.

Unearned Revenue

Unearned revenue includes resources received by the BOCES before the related revenue can be recognized because the earnings process is not complete.

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *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.

Leases

Lessee: The BOCES recognizes a lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The BOCES recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the BOCES initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the BOCES determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The BOCES uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the BOCES generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the BOCES is reasonably certain to exercise.

The BOCES monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

Education reEnvisioned 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.

Other Post Employment Benefit (OPEB) Plan

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

Net position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the BOCES will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the BOCES's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the BOCES is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal resolution of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the BOCES's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The BOCES would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

E. REVENUES AND EXPENDITURES/EXPENSES

Compensated Absences

The BOCES's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from employment. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

F. ESTIMATES

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are required by State law for all funds, except fiduciary funds. The Executive Director submits a proposed budget to the Board of Directors for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. It also includes a statement describing the major objectives of the educational program to be undertaken by the BOCES and the manner in which the budget proposes to fulfill such objectives. Public hearings are conducted by the Board of Directors to obtain public comments.

On or before June 30, the budget is adopted by formal resolution. After the adoption of the budget, the board may review and change the budget at any time prior to January 31 of the fiscal year for which the budget was adopted. After January 31, the board may not review or change the budget except where money for a specific purpose from other than ad valorem taxes becomes available which could not have been reasonable foreseen at the time of the adoption of the budget. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between line items within any fund rests with the Executive Director. Revisions that alter the total expenditures in any fund must be approved by the Board of Directors. Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances as established by the Board of Directors.

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). GAAP-basis accounting requires that expenditures of salaries and related benefits be recorded in the fiscal year earned. Thus, the BOCES budgets for all accrued salaries and related benefits earned but unpaid at June 30. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Executive Director and/or Board of Directors throughout the year. All appropriations lapse at the end of each fiscal year.

NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2023 is as follows:

Deposits	\$ 132,867
Investments	<u>4,699,826</u>
Total	<u>\$ 4,832,693</u>

Deposits and investments are reported in the financial statements as follows:

Cash and investments	<u>\$ 4,832,693</u>
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Cash deposits with financial institutions

Custodial Credit Risk—deposits: Custodial credit risk is the risk that, in the event of a bank failure, the BOCES’s deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the BOCES’s deposits at June 30, 2023 was \$132,867 and the bank balances were \$170,908. All of the bank balances were covered by federal deposit insurance.

**EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

The BOCES is authorized by Colorado statutes to invest in the following:

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

At June 30, 2023 the BOCES's investment balances were as follows:

<u>Investment Type</u>	<u>Year-end Balance</u>	<u>Measurement</u>	<u>Maturity</u>	<u>Standard & Poor's Rating</u>
ColoTrust	\$ <u>4,699,826</u>	Net asset value	Less than 90 days	AAAm

Local Government Investment Pools. The Colorado Local Government Liquid Asset Trust (ColoTrust) is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the pools, which operate in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended, which includes the maintenance of each share equal in value to \$1.00. Investments are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodians' internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to interest rate risk, the BOCES has a board approved investment policy that limits investment maturities to five years or less. Colorado revised statute 24-75-601 also limits investment maturities to five years or less.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and BOCES policy limit investments to those described above.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be caused by the BOCES's investment in a single issuer. The BOCES places no limit on the amount it may invest in any one issuer. More than 20 percent of the BOCES's investments are in ColoTrust. These investments are 100.0% of the BOCES's total investments.

**EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Fair value of investments. The BOCES measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs reflect prices quoted in active markets.
- Level 2 inputs reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 inputs reflect prices based upon unobservable sources.

BOCES investments measured at net asset value or amortized cost fall under the existing exemptions to fair value measurement.

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and Payables

Interfund receivables and payables are created in conjunction with the BOCES’s pooled cash and investment portfolios. Balances are routinely cleared as a matter of practice.

The composition of interfund balances as of June 30, 2023, is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 97,986
Governmental Designated Purpose Grants Fund	<u>97,986</u>	<u>-</u>
Total	<u>\$ 97,986</u>	<u>\$ 97,986</u>

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental activities</i>				
Capital assets not being depreciated:				
Land	\$ 73,686	\$ -	\$ -	\$ 73,686
Total capital assets not being depreciated	<u>73,686</u>	<u>-</u>	<u>-</u>	<u>73,686</u>
Capital assets being depreciated:				
Buildings and improvements	453,221	-	-	453,221
Total capital assets being depreciated	<u>453,221</u>	<u>-</u>	<u>-</u>	<u>453,221</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,331)	(11,331)	-	(22,662)
Total accumulated depreciation	<u>(11,331)</u>	<u>(11,331)</u>	<u>-</u>	<u>(22,662)</u>
Capital assets, net of accumulated depreciation/amortization	<u>441,890</u>	<u>(11,331)</u>	<u>-</u>	<u>430,559</u>
Total governmental activities capital assets	<u>\$ 515,576</u>	<u>\$ (11,331)</u>	<u>\$ -</u>	<u>\$ 504,245</u>

Depreciation/amortization expense was charged to the functions/programs of the governmental activities of the BOCES as follows:

Governmental Activities

Instruction	<u>\$ 11,331</u>
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NOTE 6 – LONG-TERM LIABILITIES

Changes in the BOCES’s long-term liabilities for the year ended June 30, 2023, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One year</u>
<i>Governmental Activities</i>					
Net pension liability	\$ 888,958	\$ 604,223	\$ (185,894)	\$ 1,307,287	\$ -
Net OPEB liability	<u>43,008</u>	<u>38,586</u>	<u>(36,945)</u>	<u>44,649</u>	<u>-</u>
<i>Total Governmental Activities</i>	<u>\$ 931,966</u>	<u>\$ 642,809</u>	<u>\$ (222,839)</u>	<u>\$ 1,351,936</u>	<u>\$ -</u>

All long-term liabilities are liquidated within the General fund.

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the Education reEnvisioned BOCES are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available 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% and then multiplied by years of service credit.
- The value of the retiring employee’s member contribution account plus a 100% 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.

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% 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 generally 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 (AI) or AI cap of 1.00% 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 lesser of an annual increase of the 1.00% AI 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% of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

**EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Contributions provisions as of June 30, 2023: Eligible employees of, Education reEnvisioned 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% 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 Education reEnvisioned BOCES is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Education reEnvisioned BOCES were \$98,233 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 annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029, instructed 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.

EDUCATION reENVISIONED BOCES
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 Education reEnvisioned BOCES proportion of the net pension liability was based on Education reEnvisioned 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, 2023, the Education reEnvisioned BOCES reported a liability of \$1,307,287 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the Education reEnvisioned 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 Education reEnvisioned BOCES were as follows:

Education reEnvisioned BOCES proportionate share of the net pension liability	\$ 1,307,287
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the Education reEnvisioned BOCES	380,957
Total	\$ 1,688,244

At December 31, 2022, the Education reEnvisioned BOCES proportion was 0.0071791647%, which was a decrease of 0.0004596616% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Education reEnvisioned BOCES recognized pension expense of \$85,388 and revenue of \$44,798 for support from the State as a nonemployer contributing entity. At June 30, 2023, the Education reEnvisioned BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 12,372	\$ -
Changes of assumptions or other inputs	23,156	-
Net difference between projected and actual earnings on pension plan investments	175,617	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	93,580	47,275
Contributions subsequent to the measurement date	51,032	N/A
Total	<u>\$ 355,757</u>	<u>\$ 47,275</u>

**EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$51,032 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:	
2024	\$ 75,888
2025	22,077
2026	57,337
2027	102,148
2028	-
Thereafter	-

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 increases, including wage inflation	3.40% – 11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

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

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 projection using scale MP-2019.

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

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

**EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% 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% of the rates for all ages with generational projection 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 at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and 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 plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 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%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 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 FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP 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.

**EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Sensitivity of the Education reEnvisioned 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%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 1,710,790	\$ 1,307,287	\$ 970,322

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

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

Plan description. Eligible employees of the Education reEnvisioned 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.

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

Enrollment in the PERACare 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% 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.

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% 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 Education reEnvisioned BOCES is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Education reEnvisioned BOCES were \$4,916 for the year ended June 30, 2023.

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

At June 30, 2023, the Education reEnvisioned BOCES reported a liability of \$44,649 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 (TOL) 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 TOL to December 31, 2022. The Education reEnvisioned BOCES proportion of the net OPEB liability was based on Education reEnvisioned 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 Education reEnvisioned BOCES proportion was 0.0054685410%, which was an increase of 0.0004809824% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Education reEnvisioned BOCES recognized OPEB expense of (\$32,774). At June 30, 2023, the Education reEnvisioned BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 6	\$ 10,798
Changes of assumptions or other inputs	718	4,928
Net difference between projected and actual earnings on OPEB plan investments	2,727	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	14,102	28,819
Contributions subsequent to the measurement date	2,554	N/A
Total	\$ 20,107	\$ 44,545

\$2,554 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:	
2024	\$ (26,577)
2025	(4,262)
2026	1,145
2027	2,662
2028	93
Thereafter	(53)

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Actuarial assumptions. The TOL 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 increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 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

The TOL for the HCTF, as of the 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 Tri-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.

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	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%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD 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	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD 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.

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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.

The PERA benefit structure health care cost trend rates that were used to measure the TOL 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 pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL 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 upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% 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 be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect 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 applicable to 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 PERA 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 TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 13, 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 at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

**EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

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%	

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

Sensitivity of the Education reEnvisioned 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:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	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%
Net OPEB Liability	\$ 43,386	\$ 44,649	\$ 46,025

¹For the January 1, 2023, plan year.

Discount rate. The discount rate used to measure the TOL was 7.25%. 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.

**EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the Education reEnvisioned 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%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 51,762	\$ 44,649	\$ 38,566

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

NOTE 9 - RISK MANAGEMENT

The BOCES is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The BOCES carries commercial insurance for these risks of loss, including worker’s compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the last three fiscal years.

EDUCATION reENVISIONED BOCES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Grants

The BOCES has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. However, in the opinion of the BOCES, any such adjustments will not have a material adverse effect on the financial position of the BOCES.

Legal

The BOCES is involved in pending or threatened lawsuits and claims. The BOCES estimates that potential claims not covered by insurance or accrued for, resulting from such litigation, would not materially affect the financial statements of the BOCES.

NOTE 11 - TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The BOCES is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2023 there is a \$1,223,000 reservation of fund balance in the General Fund for the amendment.

The Amendment is complex and subject to judicial interpretation. The BOCES believes it is in compliance with the requirements of the amendment. However, the BOCES has made certain interpretations of the amendment's language in order to determine its compliance.

NOTE 12 – COLORADO SCHOOL DISTRICT/BOCES, ELECTRONIC DATA INTEGRITY CHECK FIGURES

The School Finance Act requires inclusion of the Colorado School District/BOCES, Electronic Financial Data Integrity Check Figures as a supplement schedule to the audited financial statements. The Report is based on a prescribed basis of accounting that demonstrates compliance with the financial policies and procedures of the Colorado Department of Education.

REQUIRED SUPPLEMENTARY INFORMATION

EDUCATION REENVISIONED BOCES
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
School's proportion of the net pension liability (asset)	0.0071791647%	0.0076388263%	0.0068428655%	0.0058436310%	0.0075450258%	0.0267231925%	0.0317499828%	0.0167584014%	0.0039234454%	0.0026890159%
\$	1,307,287	888,958	1,034,503	873,026	1,336,002	8,641,331	9,453,198	2,563,079	531,759	342,983
School's proportionate share of the net pension liability (asset)										
State's proportionate share of the net pension liability (asset) associated with the School	380,957	101,908	-	110,732	182,680	-	-	-	-	-
Total	<u>\$ 1,688,244</u>	<u>\$ 990,866</u>	<u>\$ 1,034,503</u>	<u>\$ 983,758</u>	<u>\$ 1,518,682</u>	<u>\$ 8,641,331</u>	<u>\$ 9,453,198</u>	<u>\$ 2,563,079</u>	<u>\$ 531,759</u>	<u>\$ 342,983</u>
School's covered payroll	\$ 553,790	\$ 477,403	\$ 365,966	\$ 343,409	\$ 414,791	\$ 1,232,709	\$ 1,424,996	\$ 730,327	\$ 164,364	\$ 108,403
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	236.06%	186.21%	282.68%	254.22%	322.09%	701.00%	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	61.8%	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

* The amounts presented for each year were determined as of 12/31.

See the accompanying independent auditors' report.

EDUCATION reENVISIONED BOCES
 SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
 JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 98,233	\$ 111,313	\$ 79,710	\$ 69,205	\$ 65,240	\$ 120,560	\$ 304,248	\$ 204,943	\$ 46,691	\$ 19,295
Contributions in relation to the contractually required contribution	(98,233)	(111,313)	(79,710)	(69,205)	(65,240)	(120,560)	(304,248)	(204,943)	(46,691)	(19,295)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ 482,006	\$ 559,926	\$ 400,958	\$ 357,093	\$ 341,037	\$ 638,561	\$ 1,655,323	\$ 1,155,909	\$ 276,608	\$ 120,742
Contributions as a percentage of covered payroll	20.38%	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.88%	15.98%

* The amounts presented for each fiscal year were determined as of 6/30.

See the accompanying independent auditors' report.

EDUCATION reENVISIONED BOCES
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JUNE 30, 2023

	2022	2021	2020	2019	2018	2017	2016
School's proportion of the net OPEB liability (asset)	0.0054685410%	0.0049875586%	0.0039598258%	0.0038201197%	0.0049043149%	0.0151811967%	0.0180490816%
School's proportionate share of the net OPEB liability (asset)	\$ 44,649	\$ 43,008	\$ 37,627	\$ 42,938	\$ 66,725	\$ 197,295	\$ 234,012
School's covered payroll	\$ 553,790	\$ 477,403	\$ 365,966	\$ 343,409	\$ 414,791	\$ 1,232,709	\$ 1,424,996
School's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	8.06%	9.01%	10.28%	12.50%	16.09%	16.00%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	38.6%	39.4%	32.8%	24.5%	17.0%	17.5%	16.7%

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

EDUCATION reENVISIONED BOCES
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 4,916	\$ 5,711	\$ 4,090	\$ 3,642	\$ 3,479	\$ 6,537	\$ 16,845
Contributions in relation to the contractually required contribution	(4,916)	(5,711)	(4,090)	(3,642)	(3,479)	(6,537)	(16,845)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ 482,006	\$ 559,926	\$ 400,958	\$ 357,093	\$ 341,037	\$ 638,561	\$ 1,655,323
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

EDUCATION reENVISIONED BOCES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	\$ 5,000	\$ 209,000	\$ 324,986	\$ 115,986
State sources	39,629,103	39,402,895	39,449,369	46,474
Federal sources	619,800	875,000	933,997	58,997
Total revenues	<u>40,253,903</u>	<u>40,486,895</u>	<u>40,708,352</u>	<u>221,457</u>
EXPENDITURES				
Instruction	38,036,619	38,068,281	37,857,107	211,174
Supporting services	1,226,134	1,583,534	1,446,105	137,429
Total expenditures	<u>39,262,753</u>	<u>39,651,815</u>	<u>39,303,212</u>	<u>348,603</u>
Excess (deficiency) of revenues over expenditures	<u>991,150</u>	<u>835,080</u>	<u>1,405,140</u>	<u>570,060</u>
OTHER FINANCING SOURCE (USES)				
Loans issued	-	-	(225,000)	(225,000)
Loan repayments received	-	-	66,000	66,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(159,000)</u>	<u>(159,000)</u>
Net change in fund balances	991,150	835,080	1,246,140	411,060
Fund balance, beginning	<u>3,691,708</u>	<u>3,484,193</u>	<u>3,484,193</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 4,682,858</u></u>	<u><u>\$ 4,319,273</u></u>	<u><u>\$ 4,730,333</u></u>	<u><u>\$ 411,060</u></u>

See the accompanying independent auditors' report.

EDUCATION reENVISIONED BOCES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Instruction	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

COMPLIANCE SECTION

SINGLE AUDIT

**EDUCATION reENVISIONED BOCES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Additional Award Identification	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education					
Direct Programs					
Impact Aid	84.041				\$ 4,236
Passed Through Colorado Department of Education					
<i>Special Education Cluster</i>					
Special Education: Grants to States IDEA Part B	84.027		4027		601,539
<i>Total Special Education Cluster</i>					<u>601,539</u>
Title I Grants to Local Educational Agencies	84.010		5010		<u>195,000</u>
School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)	84.184F	COVID-19	8174		14,935
Education Stabilization Fund					
ESSER III	84.425U	COVID-19	4418		69,025
ESSER I	84.425D	COVID-19	4437		10,000
ESSER I	84.425W	COVID-19	8425		39,262
				<u>-</u>	<u>933,997</u>
Total U.S. Department of Education				-	933,997
Total Federal Awards				<u>\$ -</u>	<u>\$ 933,997</u>

See the accompanying independent auditors' report.

EDUCATION reENVISIONED BOCES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Education reEnvisioned BOCES under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Education reEnvisioned BOCES, it is not intended to and does not present the financial position, changes in net position, or cash flows of Education reEnvisioned BOCES.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified-accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

Education reEnvisioned BOCES has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



INDEPENDENT AUDITOR'S 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*

To the Board of Directors
Education reEnvisioned BOCES

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 each major fund of Education reEnvisioned BOCES, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Education reEnvisioned BOCES's basic financial statements, and have issued our report thereon dated October 25, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Education reEnvisioned 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 Education reEnvisioned BOCES's internal control. Accordingly, we do not express an opinion on the effectiveness of Education reEnvisioned 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 Education reEnvisioned 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hoelting & Company Inc.

Colorado Springs, Colorado
October 25, 2023



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Education reEnvisioned BOCES

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Education reEnvisioned BOCES’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Education reEnvisioned BOCES’s major federal programs for the year ended June 30, 2023. Education reEnvisioned BOCES’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Education reEnvisioned BOCES complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies

in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Hoelting & Company, Inc.

Colorado Springs, Colorado
October 25, 2023

**EDUCATION reENVISIONED BOCES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section II—Financial Statement Findings

No findings reported.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.

**EDUCATION reENVISIONED BOCES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the Education reEnvisioned BOCES Schedule of Findings and Questioned Costs for the year ended June 30, 2022. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2023 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

There were no prior year audit findings.

STATE COMPLIANCE



**INDEPENDENT AUDITORS' REPORT ON COLORADO SCHOOL
DISTRICT/BOCES AUDITOR'S INTEGRITY REPORT**

To the Board of Education
Education reEnvisioned BOCES

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Education reEnvisioned BOCES, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Education reEnvisioned BOCES's basic financial statements as listed in the table of contents. Our report thereon, dated October 25, 2023, expressed an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Education reEnvisioned BOCES's basic financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is not a required part of the basic 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 *Colorado School District/BOCES, Auditor's Integrity Report* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Colorado Springs, Colorado
October 25, 2023



Colorado Department of Education
Auditors Integrity Report
 District: 9170 - Education reEnvisioned 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	3,484,193		40,774,353	39,528,213		4,730,333
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	3,484,193		40,774,353	39,528,213		4,730,333
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	3,484,193		40,774,353	39,528,213		4,730,333
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	0		0	0		0
60.65-69 Other Internal Service Funds	0		0	0		0
Totals	0		0	0		0
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	0		0	0		0
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	0		0	0		0
79 GASB 34/Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	0		0	0		0
FINAL						

