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**GRAND VALLEY BOARD OF COOPERATIVE
EDUCATIONAL SERVICES**

GRAND JUNCTION, COLORADO

FINANCIAL STATEMENTS

June 30, 2023

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
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INDEPENDENT AUDITOR'S REPORT

Grand Valley Board of Cooperative Educational Services
Grand Junction, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Grand Valley Board of Cooperative Educational Services as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Grand Valley Board of Cooperative Educational Services, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Grand Valley Board of Cooperative Educational Services as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Grand Valley Board of Cooperative Educational Services 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 these 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 Grand Valley Board of Cooperative Educational Services' 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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 Grand Valley Board of Cooperative Educational Services' 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 Grand Valley Board of Cooperative Educational Services' 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 the required supplementary information 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 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.

Board of Education
Grand Valley Board of Cooperative Educational Services

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grand Valley Board of Cooperative Educational Services' basic financial statements. The supplementary information and the auditor's integrity report listed in the table of contents are 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 the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DMC Auditing and Consulting, LLC

February 20, 2024
Bailey, Colorado

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

As management of the Grand Valley Board of Cooperative Educational Services (GVBOCES), we offer readers of GVBOCES financial statements this narrative overview and analysis of the financial activities of GVBOCES for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements.

GVBOCES is a collaborative partnership effort between Mesa County Valley School District No. 51 and Colorado Mesa University as an effort to provide career and technical programs to students from both institutions. GVBOCES was founded in 1994 and student enrollment and programs have increased at a constant rate since the inception of GVBOCES.

Financial Highlights

- The liabilities and deferred inflows of resources of GVBOCES exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$95,062 (net position). Of this amount, \$229,089 is the net investment in capital assets leaving an unrestricted net position negative balance of \$324,151.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$182,662.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to GVBOCES basic financial statements. GVBOCES basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary 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 GVBOCES finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of GVBOCES assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of GVBOCES is improving or deteriorating.

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

The government-wide financial statements distinguish functions of GVBOCES that are principally supported by 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 GVBOCES include instructional services and supporting services. The business-type activities of the GVBOCES consist of its law enforcement training facility (CLETC).

The government-wide financial statements include only GVBOCES itself, as GVBOCES has no component units.

The government-wide financial statements can be found on pages 4-5 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. GVBOCES, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of GVBOCES can be divided into two categories: governmental funds and proprietary 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 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 a government's near-term financing requirements.

Because the focus of the 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 impact of the government's 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*.

GVBOCES maintains two individual governmental funds, the General Fund and the Student Activity Fund, which are considered to be major funds.

GVBOCES adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

GVBOCES uses a Student Activity Fund to account for resources held for student activities and groups. The basic governmental fund financial statements can be found on pages 6-9 of this report.

Proprietary funds. GVBOCES maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. GVBOCES uses enterprise funds to account for its law enforcement training facility operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among various functions of GVBOCES.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the CLETC Enterprise Fund, which is considered to be a major fund of GVBOCES.

The basic proprietary funds financial statements can be found on pages 10-12 of this report.

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. The notes to the financial statements can be found beginning on page 13 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of GVBOCES, liabilities and deferred inflows exceeded assets and deferred outflows by \$95,062 at the close of the most recent fiscal year.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

Net Position

	Governmental Activities 2022	Business-type Activities 2022	Governmental Activities 2023	Business-type Activities 2023	Total Activities 2022	Total Activities 2023
Current and Other Assets	634,382	32,671	311,381	32,347	667,053	343,728
Capital Assets	176,372	0	229,089	0	176,372	229,089
Deferred Outflows	82,342	0	114,393	0	82,342	114,393
Total	893,096	32,671	654,863	32,347	925,767	687,210
Liabilities	786,367	250	597,877	0	502,661	597,877
Deferred Inflows	403,363	0	184,395	0	403,363	184,395
Total	1,189,730	0	782,272	0	906,024	782,272
Net Position	(12,928)	32,421	(127,409)	32,347	19,743	(95,062)
Net Investment in Capital Assets	176,372	0	229,089	0	176,372	229,089
Unrestricted Net Position	(473,006)	32,421	(356,498)	32,347	(440,585)	(324,151)
Total Net Position	(296,634)	32,421	(127,409)	32,347	264,213	(95,062)

Of all GVBOCES assets, 33.3% reflect its investment in capital assets, less accumulated depreciation. GVBOCES uses these capital assets to provide services to students; consequently, these assets are not available for future spending. 50.0% of GVBOCES assets are cash and investments.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Changes in Net Position

	Governmental Activities 2022	Business-type Activities 2022	Governmental Activities 2023	Business-type Activities 2023	Total Activities 2022	Total Activities 2023
Revenues						
Program Revenues						
Charges for Services	2,400,882	16,600	2,502,516	16,800	2,417,482	2,519,316
Grants/Contributions	117,745	16,024	70,459	16,023	133,769	86,482
General Revenues						
Investment Earnings	872	0	10,802	0	872	10,802
Total Revenues	<u>2,519,499</u>	<u>32,624</u>	<u>2,583,777</u>	<u>32,823</u>	<u>2,552,123</u>	<u>2,616,600</u>
Expenditures						
Instructional Services	1,489,056	0	1,414,606	0	1,489,056	1,414,606
Supporting Services	931,990	0	999,946	0	931,990	999,946
CLETC	0	20,045		32,897	20,045	32,897
Total Expenses	<u>2,421,046</u>	<u>20,045</u>	<u>2,414,552</u>	<u>32,897</u>	<u>2,441,091</u>	<u>2,447,449</u>
Increase (Decrease) in Net Position	<u>98,453</u>	<u>12,579</u>	<u>169,225</u>	<u>(74)</u>	<u>111,032</u>	<u>169,151</u>
					Net Position July 1, 2022	(264,213)
					Increase (Decrease) in Net Position	<u>169,151</u>
					Net Position July 1, 2021	<u>(95,062)</u>

- Revenues increased 2.5%
- Expenses increased 0.3%
- Investment earnings increased 1,138.8%

Financial Analysis of the Government's Funds

As noted earlier, GVBOCES uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of GVBOCES *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing GVBOCES financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the GVBOCES governmental fund reported ending fund balance of \$182,662, a decrease of \$44,910 in comparison with the prior year. **Unassigned fund balance** of \$182,662 is available for spending at the GVBOCES discretion.

The General Fund is the chief operating fund of the GVBOCES. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$182,662. See page 8 of this report for detail.

Proprietary funds. GVBOCES proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the CLETC Enterprise Fund amounted to \$32,347 as of June 30, 2023, a decrease of \$74.

General Fund Budgetary Highlights

The net decrease in General Fund Balance is \$69,104 less than budgeted. This is due to unspent reserve and capital expenditures less than expected.

Capital Asset and Debt Administration

Capital assets. GVBOCES investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$229,089 (net of accumulated depreciation). This investment in capital assets is in equipment; GVBOCES does not own land or buildings.

Long-term debt. At the end of the current fiscal year, GVBOCES had no outstanding long-term debt.

Requests for Information

This financial report is designed to provide a general overview of GVBOCES finances for all those with an interest in GVBOCES finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Manager of Business Services, Grand Valley BOCES at 2508 Blichmann Avenue, Grand Junction, Colorado 81505.

BASIC FINANCIAL STATEMENTS

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

STATEMENT OF NET POSITION

June 30, 2023

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	\$ 298,463	\$ 32,347	\$ 330,810
Accounts Receivable	12,918	-	12,918
Capital Assets, <i>Net of Accumulated Depreciation</i>	229,089	-	229,089
TOTAL ASSETS	540,470	32,347	572,817
DEFERRED OUTFLOWS OF RESOURCES			
Pensions, <i>Net of Accumulated Amortization</i>	111,862	-	111,862
OPEB, <i>Net of Accumulated Amortization</i>	2,531	-	2,531
TOTAL DEFERRED OUTFLOWS OF RESOURCES	114,393	-	114,393
LIABILITIES			
Noncurrent Liabilities			
Compensated Absences	14,653	-	14,653
Net Pension Liability	563,962	-	563,962
Net OPEB Liability	19,262	-	19,262
TOTAL LIABILITIES	597,877	-	597,877
DEFERRED INFLOWS OF RESOURCES			
Pensions, <i>Net of Accumulated Amortization</i>	163,732	-	163,732
OPEB, <i>Net of Accumulated Amortization</i>	20,663	-	20,663
TOTAL DEFERRED INFLOWS OF RESOURCES	184,395	-	184,395
NET POSITION			
Net Investment in Capital Assets	229,089	-	229,089
Restricted for:			
Unrestricted	(356,498)	32,347	(324,151)
TOTAL NET POSITION	\$ (127,409)	\$ 32,347	\$ (95,062)

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

FUNCTIONS / PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION	
PRIMARY GOVERNMENT	OPERATING				PRIMARY GOVERNMENT	
Governmental Activities	EXPENSES	CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS	GOVERNMENTAL BUSINESS-TYPE ACTIVITIES	ACTIVITIES	TOTAL
Instruction	\$ 1,414,606	\$ 1,354,742	\$ 56,445	\$ (3,419)	\$ -	\$ (3,419)
Supporting Services	999,946	1,147,774	14,014	161,842	-	161,842
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 2,414,552</u>	<u>\$ 2,502,516</u>	<u>\$ 70,459</u>	<u>\$ 158,423</u>	<u>\$ -</u>	<u>\$ 158,423</u>
Business-Type Activities						
CLETC	<u>32,897</u>	<u>16,800</u>	<u>16,023</u>	-	(74)	(74)
TOTAL	<u>\$ 2,447,449</u>	<u>\$ 2,519,316</u>	<u>\$ 86,482</u>	<u>\$ 158,423</u>	<u>(74)</u>	<u>\$ 158,349</u>
GENERAL REVENUES						
Investment Income				10,802	-	10,802
CHANGE IN NET POSITION				169,225	(74)	169,151
NET POSITION, Beginning				(296,634)	32,421	(264,213)
NET POSITION, Ending				<u>\$ (127,409)</u>	<u>\$ 32,347</u>	<u>\$ (95,062)</u>

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2023

	<u>GENERAL</u>	<u>STUDENT ACTIVITY FUND</u>	<u>TOTAL</u>
ASSETS			
Cash and Investments	\$ 169,866	\$ 128,597	\$ 298,463
Accounts Receivable	<u>12,796</u>	<u>122</u>	<u>12,918</u>
TOTAL ASSETS	<u>\$ 182,662</u>	<u>\$ 128,719</u>	<u>\$ 311,381</u>
FUND BALANCES			
Assigned to Student Activities	-	128,719	128,719
Unassigned	<u>182,662</u>	<u>-</u>	<u>182,662</u>
TOTAL FUND BALANCES	<u>\$ 182,662</u>	<u>\$ 128,719</u>	<u>\$ 311,381</u>

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
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 Balances of Governmental Funds	\$	311,381
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		229,089
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Accrued Compensated Absences		(14,653)
Net Pension Liability		(563,962)
Pension-Related Deferred Outflows of Resources		111,862
Pension-Related Deferred Inflows of Resources		(163,732)
Net OPEB Liability		(19,262)
OPEB-Related Deferred Outflows of Resources		2,531
OPEB-Related Deferred Inflows of Resources		<u>(20,663)</u>
Total Net Position of Governmental Activities	\$	<u><u>(127,409)</u></u>

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	<u>GENERAL</u>	<u>STUDENT ACTIVITY</u>	<u>TOTAL</u>
REVENUES			
Local Sources	\$ 2,337,048	\$ 63,194	\$ 2,400,242
State Sources	127,090	-	127,090
Federal Sources	56,445	-	56,445
	<u>2,520,583</u>	<u>63,194</u>	<u>2,583,777</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Instruction	1,413,114	57,579	1,470,693
Supporting Services	1,152,379	-	1,152,379
	<u>2,565,493</u>	<u>57,579</u>	<u>2,623,072</u>
TOTAL EXPENDITURES			
CHANGE IN FUND BALANCES	(44,910)	5,615	(39,295)
FUND BALANCES, Beginning	<u>227,572</u>	<u>123,104</u>	<u>350,676</u>
FUND BALANCES, Ending	<u>\$ 182,662</u>	<u>\$ 128,719</u>	<u>\$ 311,381</u>

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Net Change in Fund Balances of Governmental Funds	\$	(39,295)
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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		(29,717)
Loss on Disposal of Capital Assets		(5,723)
Capital Outlay		88,157

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

This includes the changes in the following:

Accrued Compensated Absences		(566)
Net Pension Liability		(97,935)
Pension-Related Deferred Outflows of Resources		31,409
Pension-Related Deferred Inflows of Resources		214,790
Net OPEB Liability		3,285
OPEB-Related Deferred Outflows of Resources		642
OPEB-Related Deferred Inflows of Resources		4,178

Change in Net Position of Governmental Activities	\$	<u>169,225</u>
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GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2023

	<u>CLETC</u>
ASSETS	
Cash and Investments	\$ <u>32,347</u>
 NET POSITION	
Unrestricted	\$ <u>32,347</u>

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2023

	CLETC
OPERATING REVENUES	
Charges for Services	\$ 16,800
Contributions	16,023
 TOTAL OPERATING REVENUES	 32,823
 OPERATING EXPENSES	
Supporting Services	32,897
 CHANGE IN NET POSITION	 (74)
 NET POSITION, Beginning	 32,421
 NET POSITION, Ending	 \$ 32,347

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2023

	CLETC
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Charges and Contributions	\$ 32,823
Cash Payments to Suppliers for Goods and Services	<u>(33,147)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(324)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(324)
CASH AND CASH EQUIVALENTS, Beginning	<u>32,671</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 32,347</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Net Operating Income (Loss)	\$ <u>(74)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) Decrease in Accounts Payable	<u>250</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (324)</u></u>

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of the Grand Valley Board of Cooperative Educational Services (GVBOCES) conform to generally accepted accounting principles applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of GVBOCES's more significant policies.

Reporting Entity

The financial reporting entity consists of GVBOCES, organizations for which GVBOCES is financially accountable, and organizations that raise and hold economic resources for the direct benefit of GVBOCES. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of GVBOCES. Legally separate organizations for which GVBOCES is financially accountable are considered part of the reporting entity. Financial accountability exists if GVBOCES appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, GVBOCES.

The financial statements of GVBOCES do not include any separately administered organizations.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of GVBOCES. For the most part, the effect of interfund activity has been removed from these financial statements. *Governmental activities*, which are supported by taxes and intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment 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 customers 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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are reported as general revenues rather than program revenues.

Separate financial statements are provided for the governmental funds and the proprietary fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the fund financial statements, GVBOCES reports the following major governmental funds:

The *General Fund* is GVBOCES's primary operating fund. It accounts for all financial resources of GVBOCES, except those accounted for in another fund.

The *Student Activity Fund* is used to account for the proceeds of specific revenues raised by student groups to be used for student activities.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

GVBOCES also reports the following proprietary fund:

The *Colorado Law Enforcement Training Center (CLETC) Fund* is used to account for activities related to the drive track maintained by the educational unit. The fund is supported through annual payments made by three outside government agencies that use the drive track and also by user charges.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, GVBOCES considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by GVBOCES.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for a specific use, it is GVBOCES's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities and Fund Balances / Net Position

Cash and Investments – GVBOCES uses separate bank accounts for each fund and for individual programs within the General Fund. Investments are reported at fair value.

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

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Balances / Net Position (Continued)

Capital Assets – Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings	40 years
Equipment	8-30 years
Vehicles and software	5-7 years
Computers and office equipment	5 years

Compensated Absences – Vacation leave may be carried over at maximum days based on years of service at a rate at the employee’s regular daily rate. A long-term liability for accrued vacation benefits at June 30, 2023, has been recorded in the governmental-wide financial statements, representing GVBOCES’s commitment to fund such costs from the General fund. Payment for any of the accrued benefits will occur in subsequent years and be made from future resources.

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

Postemployment Benefits Other Than Pensions (OPEB) - GVBOCES participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees’ Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to and deductions from the HCTF’s fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms.

Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. In the fund financial statements, governmental funds report committed fund balances when GVBOCES’s Board of Directors formally commits resources for a specific purpose through passage of a resolution.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Balances / Net Position (Continued)

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, GVBOCES policy requires restricted fund balance to be used first, followed by committed, assigned, and unassigned balances.

NOTE 2: Cash and Investments

At June 30, 2023, GVBOCES had the following cash and investments:

Petty Cash	\$	350
Deposits		171,684
Investments		158,776
		158,776
Total	\$	330,810

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to 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. The 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2023, GVBOCES had bank deposits of \$184,274 collateralized with securities held by the financial institution's agent but not in GVBOCES's name.

Investments

GVBOCES is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

Fair Value Measurements - At June 30, 2023, GVBOCES's investments in the local government investment pool reported at the net asset value per share.

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

Credit Risk - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs).

Concentration of Credit Risk - State statutes do not limit the amount GVBOCES may invest in a single issuer of investment securities, except for corporate securities.

Local Government Investment Pools - At June 30, 2023, GVBOCES had \$158,776 invested in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pool. The Pool operates in conformity with the Securities and Exchange Commission's Rule 2a-7. The Pool is reported at the net asset value per share, with each share valued at \$1. The Pool is rated AAAM by Standard and Poor's. Investments of the Pool 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 custodian's internal records identify the investments owned by the participating governments.

NOTE 3: Capital Assets

Capital asset activity for the year ended June 30, 2023, is summarized below.

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
Governmental Activities				
Capital Assets, Being Depreciated:				
Equipment	\$ 1,110,176	\$ 88,157	\$ 54,018	\$ 1,144,315
Less Accumulated Depreciation:				
Equipment	(933,804)	(29,717)	(48,295)	(915,226)
Total Capital Assets, Being Depreciated, Net	<u>\$ 176,372</u>	<u>\$ 58,440</u>	<u>\$ 5,723</u>	<u>\$ 229,089</u>

Depreciation expense of the governmental activities was charged to programs of GVBOCES as follows:

Instruction	\$ 26,347
Supporting Services	3,370
Total	<u>\$ 29,717</u>

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 4: Long-Term Liabilities

Following is a summary of long-term liabilities for the year ended June 30, 2023.

	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023	Due in One Year
Governmental Activities					
Compensated Absences	\$ 14,087	\$ 566	\$ -	\$ 14,653	\$ 14,653

Compensated absences are expected to be liquidated primarily with the resources of the General Fund.

NOTE 5: Risk Management

GVBOCES is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. GVBOCES participates in the Colorado School Districts Self Insurance Pool for all risks of loss except workers compensation, for which it utilizes a commercial insurance carrier.

The Colorado School Districts Self Insurance Pool (CSDSIP) operates as a self-insurance pool comprised of various school districts and other related public educational entities within the State of Colorado. The CSDSIP is administered by a governing board. GVBOCES pays an annual premium to the CSDSIP for various types of property and liability insurance coverage. The CSDSIP's agreement provides that the CSDSIP will be self-sustaining through member premiums and will reinsure through a duly authorized insurer. The reinsurance covers claims against the CSDSIP in excess of specific claim amounts and in the aggregate in an amount and at limits determined by the CSDSIP to be adequate to protect the solvency of the CSDSIP.

NOTE 6: Defined Benefit Pension Plan

General Information

Plan Description - GVBOCES contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of GVBOCES participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available annual comprehensive financial report that includes information on the SDTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided as of December 31, 2022 - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement.

The retirement benefit is the greater of the a) highest average salary over five years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary, or the amount allowed by applicable federal regulations.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 6: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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 CRS Subject to the automatic adjustment provision (AAP) under CRS § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, 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). The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in CRS § 24-51-413. Disability benefits are available for eligible employees once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of twenty years of service credit.

Disability benefits are available for eligible employees once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of twenty years of service credit.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure in place, and the qualified survivor receiving the benefits.

Contributions provisions as of June 30, 2023 - GVBOCES and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2022, through June 30, 2023. GVBOCES's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of GVBOCES's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 7). GVBOCES's contributions to the SDTF for the year ended June 30, 2023, were \$41,142, equal to the required contributions.

As specified in C.R.S. § 24-51-414, the State of Colorado is required to contribute a \$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 SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, 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, upon enactment. July 1, 2023, payment is reduced by \$190 million to \$35 million. 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, for a total of approximately \$49.5 million to be contributed July 1, 2023. The State is considered a nonemployer contributing entity.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 6: Defined Benefit Pension Plan (Continued)

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

At June 30, 2023, GVBOCES reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to GVBOCES. The amount recognized by GVBOCES as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with GVBOCES were as follows:

GVBOCES's proportionate share of the net pension liability	\$ 563,962
State's proportionate share of the net pension liability associated with GVBOCES	<u>164,344</u>
Total	<u>\$ 728,306</u>

The net pension liability was measured at December 31, 2022, and the total pension liability 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 total pension liability to December 31, 2022.

GVBOCES's proportion of the net pension liability was based on GVBOCES's contributions to the SDTF for the calendar year ended December 31, 2022, relative to the contributions of all participating employers and the state as a nonemployer contributing entity. At December 31, 2022, GVBOCES's proportion was 0.0030970834%, which was a decrease of 0.0009074872% from its proportion measured at December 31, 2021.

For the year ended June 30, 2023, GVBOCES recognized pension expense of \$138,032 and a revenue of (\$19,326) representing support from the state as a nonemployer contributing entity. At June 30, 2023, GVBOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,338	\$ -
Changes of assumptions and other inputs	9,989	-
Net difference between projected and actual earnings on plan investments	75,761	-
Changes in proportion	-	163,732
Contributions subsequent to the measurement date	<u>20,774</u>	<u>-</u>
Total	<u>\$ 111,862</u>	<u>\$ 163,732</u>

GVBOCES contributions subsequent to the measurement date of \$20,774 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 6: Defined Benefit Pension Plan (Continued)

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

Year Ended June 30,

2024	\$ (87,770)
2025	(42,795)
2026	13,856
2027	44,065
	44,065
Total	\$ (72,644)

Actuarial Assumptions - The actuarial valuation as of December 31, 2021, determined the total pension liability using the following 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 plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/07	
thereafter, compounded annually	1.00%
Hired after 12/31/07	ad hoc

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: 1) 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 and 2) 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.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows: 1) 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 and 2) 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.

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.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 6: Defined Benefit Pension Plan (Continued)

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

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

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 weighing 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	<u>100.00%</u>	

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 of 7.25%.

Discount Rate - The discount rate used to measure the total pension liability 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%.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 6: Defined Benefit Pension Plan (Continued)

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

- GVBOCES contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan participants were used to reduce the estimated amount of total service costs for future plan members.
- GVBOCES contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. GVBOCES 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 GVBOCES contributions reflect reductions for the funding of the annual increase reserve and retiree health care benefits. For future plan members, GVBOCES 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, commencing July 1, 2018, that is proportioned between the PERA Division Trust Funds, including SDTF, based upon the covered payroll. The annual direct distribution ceases when all PERA 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 direct distribution, a warrant to PERA in the amount of \$380 million. The July 1, 2023, direct distribution is reduced by \$190 million to \$35 million. The July 1, 2024, direct distribution will not be reduced from \$225 million due to PERA's negative investment return in 2022.
- GVBOCES contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan participant growth rate.
- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the fiduciary net position and the subsequent annual increase reserve benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 6: Defined Benefit Pension Plan (Continued)

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

Based on the above assumptions and methods, the SDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current participants. 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 total pension liability. 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 Net Pension Liability to Changes in the Discount Rate - The following presents GVBOCES’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as GVBOCES’s proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, as follows:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate share of the net pension liability	\$ 738,033	\$ 563,962	\$ 418,596

Pension Plan Fiduciary Net Position - Detailed information about the SDTF’s fiduciary net position is available in PERA’s separately issued annual comprehensive financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 7: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of GVBOCES are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees’ Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the HCTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible benefit recipients and retirees who choose to enroll. Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member’s years of service credit.

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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

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, and \$115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. An additional subsidy is provided if the benefit recipient has not participated in Social Security and is not otherwise eligible for Medicare Part A. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced by 5% for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

Contributions - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of GVBOCES's contributions to the School Division Trust Fund (SDTF) (Note 6) is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. GVBOCES's apportionment to the HCTF for the year ended June 30, 2023, was \$2,059 equal to the required amount.

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

At June 30, 2023, GVBOCES reported a net OPEB liability of \$19,262, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2022.

GVBOCES's proportion of the net OPEB liability was based on GVBOCES's contributions to the HCTF for the calendar year ended December 31, 2022, relative to the contributions of all participating employers.

At December 31, 2022, GVBOCES's proportion was 0.0023591088%, which was a decrease of 0.0002555664% from its proportion measured at December 31, 2021.

For the year ended June 30, 2023, GVBOCES recognized OPEB expense of (\$7,037). At June 30, 2023, GVBOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3	\$ 4,658
Changes of assumptions and other inputs	309	2,126
Net difference between projected and actual earnings on plan investments	1,179	-
Changes in proportion	-	13,879
Contributions subsequent to the measurement date	1,040	-
Total	\$ 2,531	\$ 20,663

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

GVBOCES contributions subsequent to the measurement date of \$1,040 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,

2024	\$ (7,047)
2025	(6,835)
2026	(2,977)
2027	(1,052)
2028	(1,150)
2029	(111)
	(111)
 Total	 \$ (19,172)

Actuarial Assumptions - The actuarial valuation as of December 31, 2021, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

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:	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
6.5% in 2022, gradually decreasing to 4.5% in 2030	
Medicare Part A premiums:	
3.75% in 2022, gradually increasing to 4.5% in 2029	

The total OPEB liability 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 (Tri-County 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 fiduciary net position as of the December 31, 2022, measurement date.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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 to all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	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%

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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2022, valuation, the following monthly costs/premium (actual dollars) are assumed for 2023 for the PERA Benefit Structure:

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

Sample Age	MAPD PPO #1 with Medicare Part A for Retiree/Spouse		MAPD PPO #2 with Medicare Part A for Retiree/Spouse		MAPD HMO (Kaiser) with Medicare Part A for 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 for Retiree/Spouse		MAPD PPO #2 without Medicare Part A for Retiree/Spouse		MAPD HMO (Kaiser) without Medicare Part A for 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

The 2022 Medicare Part A premium is \$499 (actual dollars) per month. All costs are subject to the health care cost trend rates.

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

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability as shown below, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF (Note 6).

The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019. Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) 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 and 2) 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.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 97% of the rates for all ages, with generational projection using scale MP-2019 and 2) females: 105% of the rates for all ages, with generational projection using scale MP-2019. Disabled mortality assumptions for SDTF members 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 health care costs assumptions were updated and used in the roll-forward calculation for the HCTF. Per capita health care costs as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the 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.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA’s actuary.

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

The actuarial assumptions used in the December 31, 2021, valuations 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 weighing 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%.

Discount rate - The discount rate used to measure the total OPEB liability 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.

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7: Postemployment Healthcare Benefits (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (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 fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of GVBOCES’s 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 (6.25%)	Current Trend Rates (7.25%)	1% Increase (8.25%)
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 18,716	\$ 19,262	\$ 19,855

Sensitivity of GVBOCES’s 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:

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 22,330	\$ 19,262	\$ 16,637

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 8: Commitments and Contingencies

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. The Amendment is complex and subject to judicial interpretation. The Amendment is subject to many interpretations, but GVBOCES believes it is in substantial compliance with the Amendment.

Litigation

GVBOCES from time to time is involved in various legal matters. In the opinion of GVBOCES's counsel, there are no pending legal issues that would have a material adverse effect on the financial condition of GVBOCES.

NOTE 9: Significant Revenues

During the fiscal year ended June 30, 2023, GVBOCES received 83% and 9% of its general fund revenue from the District and the University, respectively.

NOTE 10: Related Parties

A substantial amount of the funds for facilities and personnel for GVBOCES are provided by Mesa County Valley School District No. 51 (the District) and Colorado Mesa University (the University). The District and the University appoint four of the seven members of the Board of Directors, with the other three members appointed from the community. GVBOCES entered into a contract with the District to receive annual contributions and financial support.

GVBOCES contracted for services of the University's administrative personnel and of faculty for post-secondary class offerings. As of June 30, 2023, expenditures related to these services are included in the financial statements of Colorado Mesa University in the amount of \$3,765,830.

REQUIRED SUPPLEMENTARY INFORMATION

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Charges for Services	\$ 2,212,666	\$ 2,169,454	\$ 2,167,491	\$ (1,963)
Investment Income	700	7,400	10,802	3,402
Miscellaneous	260,402	226,402	158,755	(67,647)
State Grants	111,086	113,076	127,090	14,014
Federal Grants	-	-	56,445	56,445
TOTAL REVENUES	2,584,854	2,516,332	2,520,583	70,459
EXPENDITURES				
Current				
Instruction	1,411,606	1,436,036	1,413,114	22,922
Supporting Services				
Students	-	-	-	-
Instructional Staff	284,557	284,557	281,532	3,025
General Administration	158,178	142,644	143,140	(496)
School Administration	122,071	78,859	75,344	3,515
Business Services	204,255	204,255	196,685	7,570
Operations and Maintenance	493,187	483,995	455,678	28,317
Total Supporting Services	1,262,248	1,194,310	1,152,379	41,931
TOTAL EXPENDITURES	2,673,854	2,630,346	2,565,493	78,867
CHANGE IN FUND BALANCE	(89,000)	(114,014)	(44,910)	69,104
FUND BALANCE, Beginning	210,289	227,572	227,572	-
FUND BALANCE, Ending	\$ 121,289	\$ 113,558	\$ 182,662	\$ 69,104

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
BUDGETARY COMPARISON SCHEDULE
STUDENT ACTIVITY FUND
Year Ended June 30, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Student Activity Fees	\$ 96,000	\$ 96,000	\$ 63,194	\$ (32,806)
TOTAL REVENUES	<u>96,000</u>	<u>96,000</u>	<u>63,194</u>	<u>(32,806)</u>
EXPENDITURES				
Current				
Instruction	<u>192,863</u>	<u>192,863</u>	<u>57,579</u>	<u>135,284</u>
CHANGE IN FUND BALANCE	(96,863)	(96,863)	5,615	102,478
FUND BALANCE, Beginning	<u>96,863</u>	<u>96,863</u>	<u>123,104</u>	<u>26,241</u>
FUND BALANCE, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 128,719</u></u>	<u><u>\$ 128,719</u></u>

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
June 30, 2023

	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>	<u>12/31/19</u>
PROPORTIONATE SHARE OF THE NET				
GVBOCES's Proportion of the Net Pension Liability	0.0030970834%	0.0040045706%	0.0048456942%	0.5063732900%
GVBOCES's Proportionate Share of the Net Pension Liability	\$ 563,962	\$ 466,027	\$ 732,571	\$ 756,511
State's Proportionate Share of the Net Pension Liability				
Pension Liability Associated with the GVBOCES	<u>164,444</u>	<u>47,929</u>	<u>-</u>	<u>85,153</u>
Total Proportionate Share of the Net Pension Liability	<u><u>728,406</u></u>	<u><u>513,956</u></u>	<u><u>732,571</u></u>	<u><u>841,664</u></u>
GVBOCES's Covered Payroll	\$ 235,939	\$ 250,273	\$ 259,192	\$ 297,801
GVBOCES's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	239%	186%	283%	254%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62%	75%	67%	65%
GVBOCES'S CONTRIBUTIONS				
Statutorily Required Contribution	<u>\$ 41,142</u>	<u>\$ 51,963</u>	<u>\$ 50,305</u>	<u>\$ 50,890</u>
Contributions in Relation to the Statutorily Required Contribution	<u>(41,142)</u>	<u>(51,963)</u>	<u>(50,305)</u>	<u>(50,890)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
GVBOCES's Covered Payroll	\$ 201,875	\$ 261,383	\$ 253,043	\$ 262,590
Contributions as a Percentage of Covered Payroll	20.38%	19.88%	19.88%	19.38%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, presentation will be shown for the years it is available.

<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
0.0072542679%	0.0084140113%	0.0089641790%	0.0093676170%	0.0103878868%
\$ 1,284,517	\$ 2,720,792	\$ 2,668,983	\$ 1,432,711	\$ 1,407,908
<u>154,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,439,029</u>	<u>2,720,792</u>	<u>2,668,983</u>	<u>1,432,711</u>	<u>1,407,908</u>
\$ 402,630	\$ 403,859	\$ 381,217	\$ 374,810	\$ 390,084
319%	674%	700%	382%	361%
57%	44%	43%	59%	63%
<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
\$ 68,850	\$ 78,651	\$ 72,942	\$ 70,640	\$ 69,767
<u>(68,850)</u>	<u>(78,651)</u>	<u>(72,942)</u>	<u>(70,640)</u>	<u>(69,767)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 359,903	\$ 416,568	\$ 387,576	\$ 372,840	\$ 389,915
19.13%	18.88%	18.82%	18.95%	17.89%

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND
June 30, 2023

	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY			
GVBOCES's Proportion of the Net OPEB Liability	0.0023591088%	0.0026146752%	0.0028028362%
GVBOCES's Proportionate Share of the Net OPEB Liability	\$ 19,262	\$ 22,546	\$ 26,636
GVBOCES's Covered Payroll	\$ 235,939	\$ 250,273	\$ 259,192
GVBOCES's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	8%	9%	10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39%	39%	33%
	<u>6/30/23</u>	<u>6/30/22</u>	<u>6/30/21</u>
GVBOCES'S CONTRIBUTIONS			
Statutorily Required Contribution	\$ 2,059	\$ 2,666	\$ 2,581
Contributions in Relation to the Statutorily Required Contribution	<u>(2,059)</u>	<u>(2,666)</u>	<u>(2,581)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
GVBOCES's Covered Payroll	\$ 201,875	\$ 261,383	\$ 253,043
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, presentation will be shown for the years it is available.

<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
0.0033120083%	0.0047014015%	0.0047474192%
\$ 37,229	\$ 63,965	\$ 61,698
\$ 297,801	\$ 402,630	\$ 403,859
13%	16%	15%
24%	17%	18%
<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
\$ 2,678	\$ 3,671	\$ 4,249
<u>(2,678)</u>	<u>(3,671)</u>	<u>(4,249)</u>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
\$ 262,590	\$ 359,903	\$ 416,568
1.02%	1.02%	1.02%

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. GVBOCES adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Management submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the School Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- All budget appropriations lapse at fiscal year-end.

NOTE 2: Schedule of Proportionate Share of the Net OPEB Liability and Contributions

Changes in Assumptions and Other Inputs

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

SUPPLEMENTARY INFORMATION

GRAND VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
BUDGETARY COMPARISON SCHEDULE
COLORADO LAW ENFORCEMENT TRAINING CENTER (CLETC) FUND
Year Ended June 30, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Charges for Services	\$ 12,000	\$ 16,000	\$ 16,800	\$ 800
Contributions	16,000	16,000	16,023	(23)
 TOTAL REVENUES	 28,000	 32,000	 32,823	 777
EXPENDITURES				
Current				
Instruction	41,976	42,400	32,897	9,503
 CHANGE IN NET POSITION, Budgetary Basis	 (13,976)	 (10,400)	 (74)	 10,303
NET POSITION, Beginning	13,976	32,421	32,421	-
NET POSITION, Ending	\$ -	\$ 22,021	\$ 32,347	\$ 10,326

COMPLIANCE SECTION

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 9135 - Grand Valley 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	227,571		2,520,583	2,565,493		182,661
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	227,571		2,520,583	2,565,493		182,661
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	123,104		63,194	57,579		128,719
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	350,676		2,563,776	2,623,072		311,380
Proprietary						
50 Other Enterprise Funds	32,421		32,822	32,897		32,347
64 (63) Risk-Related Activity Fund	0		0	0		0
60.65-69 Other Internal Service Funds	0		0	0		0
Totals	32,421		32,822	32,897		32,347
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

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your prior period adjustment is added into both your ending and beginning fund balances on this report.