SAN JUAN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

Financial Statements

Fiscal Year Ended June 30, 2024

Wall,
Smith,
Bateman Inc.
Certified Public Accountants

SAN JUAN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
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June 30, 2024

INDEPENDENT AUDITORS' REPORT

Wall,
Smith,
Bateman Inc.

To the Board of Directors
San Juan Board of
Cooperative Educational Services
Durango, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the San Juan Board of Cooperative Educational Services (the SJBOCES), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the SJBOCES's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the SJBOCES, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SJBOCES's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the SJBOCES's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension, and other postemployment information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SJBOCES's basic financial statements. The accompanying Auditor's Integrity Report and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Auditor's Integrity Report and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2025, on our consideration of the SJBOCES's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SJBOCES's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SJBOCES's internal control over financial reporting and compliance.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

February 26, 2025

San Juan Board of Cooperative Educational Services
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2024

As management of the San Juan Board of Cooperative Educational Services (SJBOCES), Durango, Colorado we offer readers of the SJBOCES' annual financial report this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2024.

Financial Highlights

- The net position (assets in excess of liabilities) of SJBOCES at the close of the most recent fiscal year is ($8,326,040) with ($8,326,040) unrestricted. In comparison, at June 30, 2023 the net position of SJBOCES was ($7,983,548) with ($7,983,340) unrestricted and ($208) invested in capital assets.

- SJBOCES' total liabilities at June 30, 2024 were $13,780,342 compared to $10,992,217 at June 30, 2023. The most significant reason for this increase is due to the changes in calculation methods for the net pension liability.

- At the close of the current fiscal year, SJBOCES' governmental funds reported combined ending fund balances of $1,158,576 compared to $1,078,431 at the close of the prior fiscal year.

- At the end of the current fiscal year, the governmental funds reported a total unassigned fund balance of $1,146,588 assigned balance of $0.00 and an additional $11,988 reserved for prepaid items compared to $382,610 unassigned, $562,993 assigned and $132,828 reserved for prepaid items at the close of the prior fiscal year.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an *introduction to the SJBOCES basic financial statements*. The basic financial statements presented on pages 4 - 31 are comprised of three components: 1) SJBOCES Government Wide Financial Statements 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements.

SJBOCES-Government Wide Financial Statements

The SJBOCES Government-wide financial statements are designed to provide the reader of the SJBOCES' financial statement a broad overview of the financial activities in a manner similar to a private sector business. The SJBOCES-Government Wide financial statements include the statement of net position and the statement of activities.

The *statement of net position* presents information about all of the SJBOCES' assets and liabilities. The difference between assets and liabilities is reported as net position.*Over time changes in net position may serve as a useful indicator whether the financial position of the SJBOCES is improving or deteriorating.*

The *statement of activities* presents information showing how the net position of the SJBOCES changed during the fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows.Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the SJBOCES are categorized as general.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 10-30 of this report.

Financial Analysis of the SJBOCES

At the end of the 2024 fiscal year, SJBOCES shows a negative balance in total net position in the amount of $(8,326,040). The negative balance is the amount by which total liabilities exceed assets. The SJBOCES' long-term obligation at June 30,2024 totals $0.00 as compensated absences payable to current employees. Additional information on these obligations can be found in Note 4. The total net position decreased $342,492 from 2023.

The effect of the PERA pension and OPEB expense on the SJBOCES total net position for the Fiscal Year 2024 and 2023 is summarized below:

	Fiscal Year 2024	Fiscal Year 2023
Net Position (GAAP Basis)	$ (8,326,040)	$ (7,983,548)
GASB 68 – Pension	11,929,951	8,649,570
GASB 75 – OPEB	287,415	395,875
Net Position Excluding Pension and OPEB	$ 3,891,326	$ 1,061,879

The effect of the PERA pension and OPEB expense on the SJBOCES unrestricted net position is summarized below:

	Fiscal Year 2024	Fiscal Year 2023
Net Position (GAAP Basis)	$ (8,326,040)	$ (7,983,340)
GASB 68 – Pension	11,929,951	8,649,570
GASB 75 – OPEB	287,415	395,875
Net Position Excluding Pension and OPEB	$ 3,891,326	$ 1,062,105

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The analysis below focuses on the Net Position (Table 1); Statements of Activities (Table 2)

TABLE 1

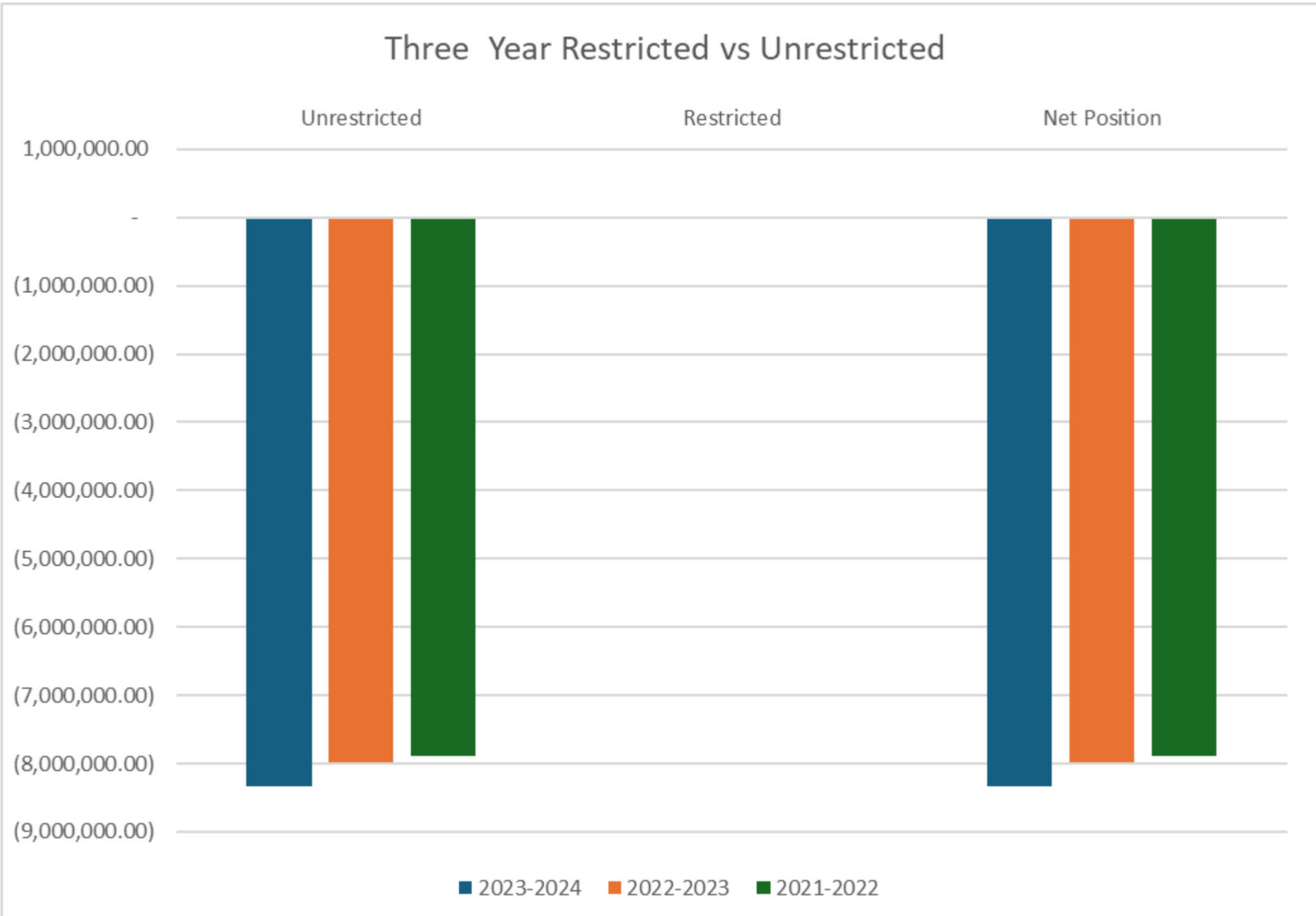
Condensed Statement of Net Position

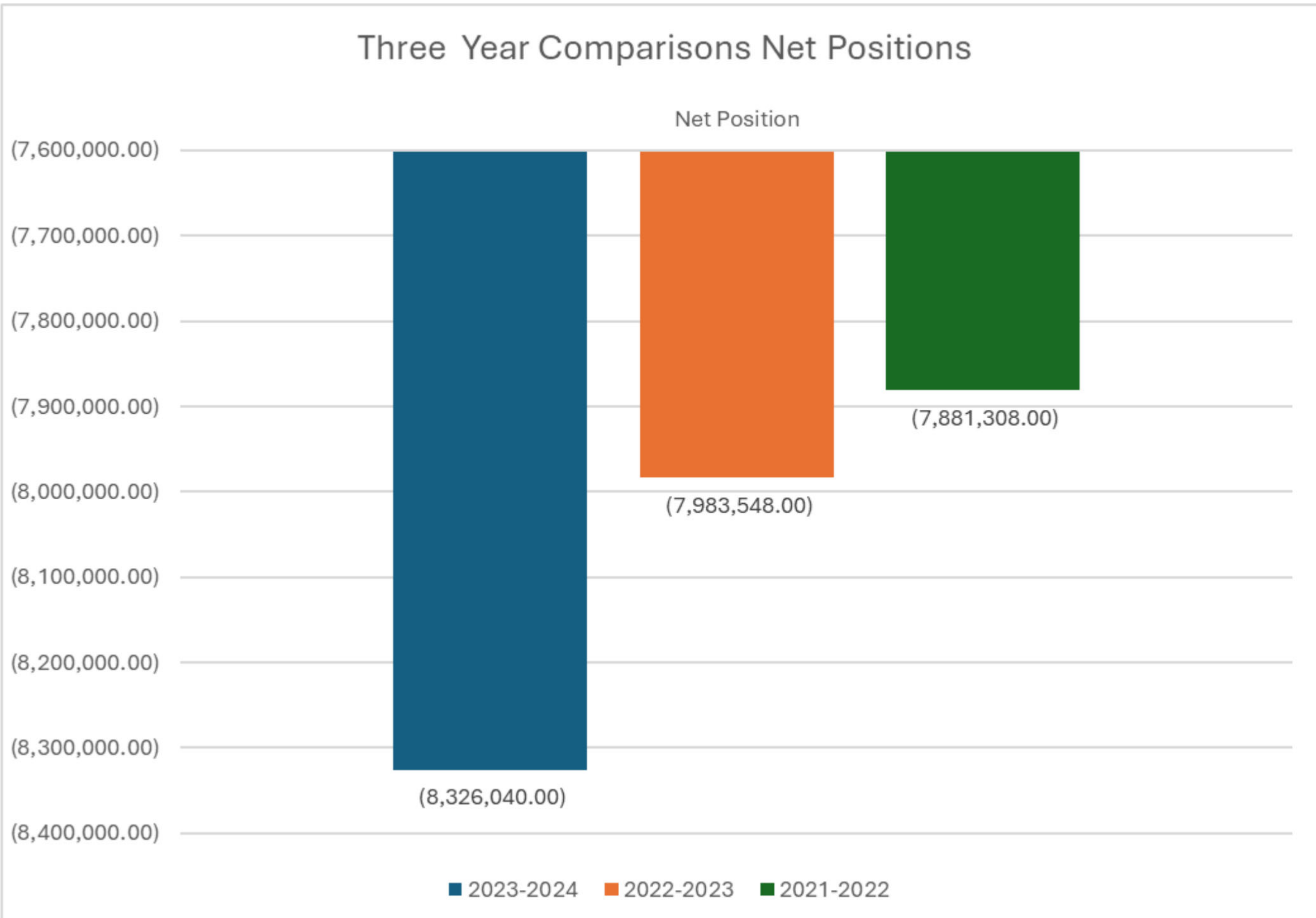
	2024	2023
Current and other assets	$ 2,721,552	$1,893,951
Capital Assets		49,677
Total Assets	2,721,552	1,943,628
Deferred Outflows of Resources		
Pensions	3,357,882	2,363,408
OPEB	51,016	72,410
Total Deferred Outflow of Resources	3,408,898	2,435,818
Current Liabilities	1,562,976	865,405
Long-term Liabilities	12,217,366	10,126,812
Total Liabilities	13,780,342	10,992,217
Deferred Inflows of Resources		
Pensions	581,897	1,235,092
OPEB	94,251	135,685
Total Deferred Inflow of Resources	676,148	1,370,777
Net Position:		
Net Investment in Capital Assets	0.00	(208)
Unrestricted	(8,326,040)	(7,983,340)
Total Net Position	$(8,326,040)	(7,983,548)

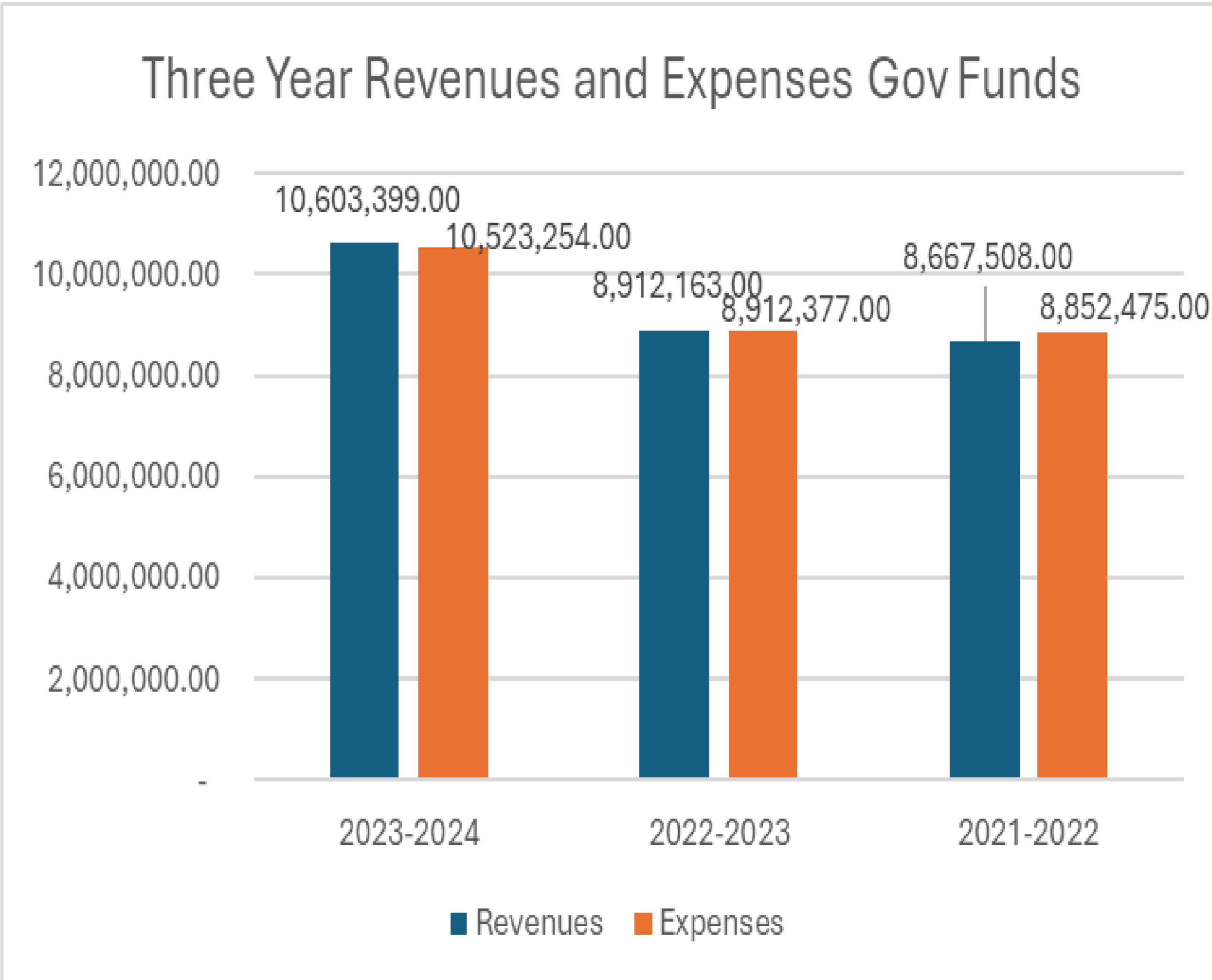
TABLE 2

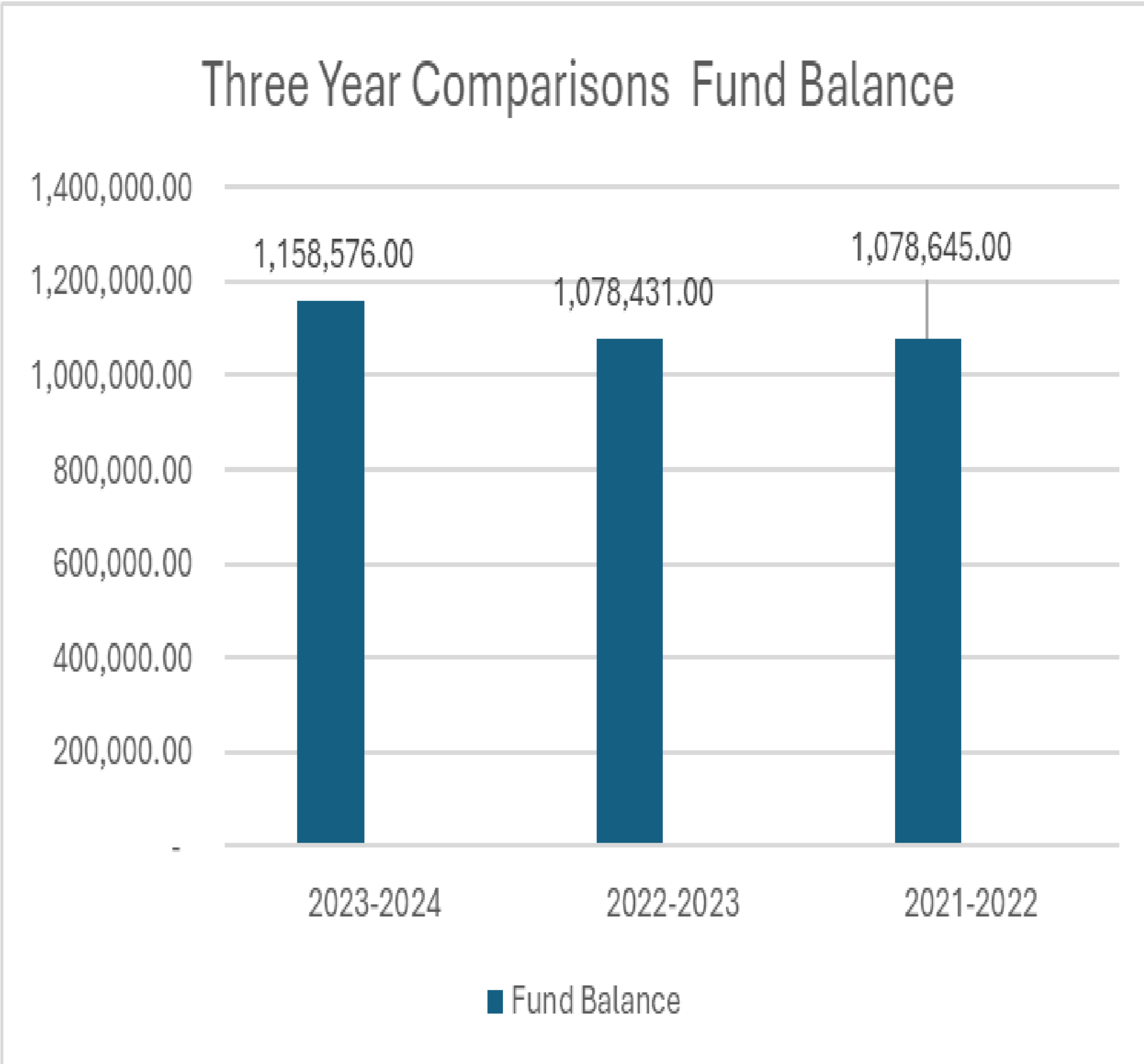
Condensed Statements of Activities

	2024	2023
Revenues:		
Governmental Activities		
Charges for services	$ 1,664,919	$ 1,724,863
Operating and capital grants & contributions	8,709,802	7,065,960
Total revenues	$ 10,374,721	$ 8,790,823
Expenses:		
Governmental Activities		
Instruction	$ 3,632,349	$ 2,689,626
Pupil Activities	4,415,269	3,964,820
Instructional Support	1,945,338	1,201,215
Business Services	329,834	321,209
Operations and Maintenance	67,856	65,063
General Administration	(14,896)	36,410
Central Services	386,175	624,740
Total Expenses	$ 10,761,925	$ 8,903,083
Net (Expense) Revenue:		
Governmental Activities	(387,204)	(112,260)
General Revenues		
Miscellaneous	44,712	10,020
Change in net position	$ (342,492)	$ (102,240)
Net position, Beginning of Year	(7,983,548)	(7,881,308)
Net Position, Beginning of Year Restated		
Ending net position	$ (8,326,040)	($ 7,983,548)


Three Year Restricted vs Unrestricted
Unrestricted
Restricted
Net Position
1,000,000.00
-
(1,000,000.00)
(2,000,000.00)
(3,000,000.00)
(4,000,000.00)
(5,000,000.00)
(6,000,000.00)
(7,000,000.00)
(8,000,000.00)
(9,000,000.00)
2023-2024
2022-2023
2021-2022


Three Year Comparisons Net Positions
Net Position
(7,600,000.00)
(7,700,000.00)
(7,800,000.00)
(7,900,000.00)
(8,000,000.00)
(8,100,000.00)
(8,200,000.00)
(8,300,000.00)
(8,400,000.00)
(8,326,040.00)
(7,983,548.00)
(7,881,308.00)
2023-2024
2022-2023
2021-2022


Three Year Revenues and Expenses Gov Funds
12,000,000.00
10,000,000.00
8,000,000.00
6,000,000.00
4,000,000.00
2,000,000.00
-
10,603,399.00
10,523,254.00
8,912,163.00
8,912,377.00
8,667,508.00
8,852,475.00
2023-2024
2022-2023
2021-2022
Revenues
Expenses



Three Year Comparisons Fund Balance
1,400,000.00
1,200,000.00
1,000,000.00
800,000.00
600,000.00
400,000.00
200,000.00
-
1,158,576.00
1,078,431.00
1,078,645.00
2023-2024
2022-2023
2021-2022
Fund Balance

Budgetary Highlights

The fiscal year 2023-2024 revised budget adopted by the San Juan BOCES Board was $11,620,690. No changes were made to the special service provider salary schedules in FY2324.

ECEA budgeted dollars from the state in the General Fund was $3,555,120, local districts membership to ECEA added another $738,811 for a total of $4,293,931 not including the SWAP Local Resource Teacher Flow Through funds of $298,614

ECEA Gifted allocation was $133,249 of which $81,746 flowed through to the districts; the remaining dollars were used to support .46 FTE of the Gifted Ed Coordinator.

The SJBOCES Implementing State Education Priorities Grant (HB 1345) was awarded $145,203

Additional Grants awarded in 2023-2024 were:

- Gifted Ed Screening in the amount of $71,760 to provide funding for Gifted screening tests for 2nd and 6th Grades.
- EARSS – Expelled and at Risk Students Year Two $300,000.
- Human Services BETA – Gap funding for EARSS as well as continual social/emotional support. $290,000

Total actual expenditures in the General Fund were $10,523,254 with a net increase of $80,145.

Economic Factors and Next Year's Budget

Economic factors of concern for the next year:

- Montezuma-Cortez actively applying to leave the San Juan BOCES Administrative Unit. The Montezuma-Cortez makes up 33.43% of the FY2324budget.
- Continued increased numbers of preschoolers with severe disabilities being identified requiring increased need for 1:1 aides and the costs associated with staffing those positions and preschool placement related to their IEPs
- Competitive salary standards for recruitment and retention of specialized staff
- The continued annual increases to PERA employer's contributions
- The continued increase of healthcare costs
- Increased levels of identified children with significant needs
- Continuous impact from underfunding of state and federal monies in relation to exceptional students

Overall the San Juan BOCES' service levels remain in capacity to meet the needs of serving students in the eight member districts.

Request for Information

This financial report is designed to provide a general overview of the SJBOCES' finances for all those with an interest in the SJBOCES. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Scotty Brandstetter, Director of Finance
San Juan Board of Cooperative Educational Services
701 Camino Del Rio, Ste 221
Durango, CO 81301

BASIC FINANCIAL STATEMENTS

SAN JUAN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF NET POSITION
June 30, 2024

		PRIMARY GOVERNMENT
		GOVERNMENTAL ACTIVITIES
ASSETS		
Current Assets		
Cash and Cash Equivalents	$	1,607,798
Accounts Receivable		103,088
Due from Other Governments		993,457
Prepaid and Other		17,209
Total Current Assets		2,721,552
Noncurrent Assets		
Depreciable Capital Assets, Net		-
Lease Assets Being Amortized, Net		-
Total Noncurrent Assets		-
TOTAL ASSETS		2,721,552
DEFERRED OUTFLOWS OF RESOURCES		
Pensions		3,357,882
OPEB		51,016
TOTAL DEFERRED OUTFLOWS OF RESOURCES		3,408,898
LIABILITIES		
Current Liabilities		
Accounts Payable		10,834
Salaries Payable		475,938
Unearned Grant Revenue		1,076,204
Lease Liability, due within one year		-
Total Current Liabilities		1,562,976
Noncurrent Liabilities		
Lease Liability		-
Net Pension Liability		11,929,951
Net OPEB Liability		287,415
Total Noncurrent Liabilities		12,217,366
TOTAL LIABILITIES		13,780,342
DEFERRED INFLOWS OF RESOURCES		
Pensions		581,897
OPEB		94,251
TOTAL DEFERRED INFLOWS OF RESOURCES		676,148
NET POSITION		
Net Investment in Capital Assets		-
Unrestricted		(8,326,040)
TOTAL NET POSITION	$	(8,326,040)

The accompanying notes are an integral part of this financial statement.

SAN JUAN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants & Contributions**	**Capital Grants & Contributions**	**Primary Government**
Primary Government:					
Governmental Activities:					
Instructional Services	$ 3,632,349	$ 588,722	3,169,081	$ -	$ 125,454
Pupil Support Services	4,415,269	810,851	4,415,611	-	811,193
Instructional Staff Support	1,945,338	-	1,125,110	-	(820,228)
Business Services	329,834	-	-	-	(329,834)
Operations and Maintenance	67,856	-	-	-	(67,856)
General Administration	(14,896)	-	-	-	14,896
Central Supporting Services	386,175	265,346	-	-	(120,829)
Total Governmental Activities	$ 10,761,925	$ 1,664,919	$ 8,709,802	$ -	(387,204)

General Revenues	
Other Revenues	44,712
Total General Revenues	44,712
Change in Net Position	(342,492)
Net Position, Beginning of Year	(7,983,548)
Net Position, End of Year	$ (8,326,040)

The accompanying notes are an integral part of this financial statement.

SAN JUAN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2024

		GENERAL FUND
ASSETS		
Cash and Cash Equivalents	$	1,607,798
Accounts Receivable		103,088
Due From Other Governments		993,457
Prepaid and Other		17,209
TOTAL ASSETS	$	2,721,552
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	$	10,834
Salaries Payable		475,938
Unearned Grant Revenue		1,076,204
TOTAL LIABILITIES		1,562,976
FUND BALANCE		
Nonspendable - Prepaid Items		11,988
Assigned - Subsequent Year Expenditures		-
Unassigned		1,146,588
TOTAL FUND BALANCE		1,158,576
TOTAL LIABILITIES AND FUND BALANCE	$	2,721,552

The accompanying notes are an integral part of this financial statement.

SAN JUAN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2024

TOTAL GOVERNMENTAL FUND BALANCE		$ 1,158,576
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the fund.		
Capital assets	$ 272,412	
Less: Accumulated Depreciation and Amortization	(272,412)	
		-
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental fund but must be deferred in the statement of net position.		3,408,898
Long term liabilities are not due in the current period and therefore are not reported in the fund.		
Compensated Absences	-	
Lease Liability	-	
		-
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the fund.		(12,217,366)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the fund.		(676,148)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		$ (8,326,040)

The accompanying notes are an integral part of this financial statement.

SAN JUAN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended June 30, 2024

		GENERAL FUND
REVENUES		
Intergovernmental		
Local	$	2,296,627
State		5,086,955
Federal		3,181,605
Other		38,212
TOTAL REVENUES		10,603,399
EXPENDITURES		
Instructional Services		3,493,718
Supporting Services		
Pupil Support Services		4,370,548
Instructional Staff Support		1,904,435
Business Services		311,728
Operations and Maintenance		67,856
General Administration		1,638
Central Supporting Services		373,331
Facilities Acquisition and Construction Services		-
TOTAL EXPENDITURES		10,523,254
Excess (deficiency) of revenues over expenditures		80,145
NET CHANGE IN FUND BALANCE		80,145
Fund Balance, Beginning of Year		1,078,431
Fund Balance, End of Year	$	1,158,576

The accompanying notes are an integral part of this financial statement.

SAN JUAN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUND
For the Year Ended June 30, 2024

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUND	$	80,145
Amounts reported for governmental activities in the statement of activities are different because:		
The governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the capital asset activity recorded in the current period.		
Depreciation and Amortization Expense		(49,677)
Debt proceeds provide current financial resources to the governmental fund, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.		
Principal Payment on Lease Liability		49,885
The governmental fund does not report compensated absences unless they are current and payable. The increase in compensated absences is recorded on the statement of activities.		16,326
Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental fund. This item consists of the change in pension and OPEB expense.		(439,171)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(342,492)

The accompanying notes are an integral part of this financial statement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the San Juan Board of Cooperative Educational Services (SJBOCES) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant SJBOCES accounting policies are described below.

Reporting Entity

SJBOCES is a regional education service unit organized under the *Board of Cooperative Services Act of 1965 –* Colorado Revised Statutes 22-5-101 through 117. The Colorado Department of Education approved the separation of Durango School District 9-R from the SJBOCES effective July 1, 2017. The eight-member school districts are located in Southwestern Colorado. The SJBOCES Board of Directors (Board) is the basic level of government, which has financial accountability and control over all activities related to the SJBOCES operations. The SJBOCES receives funding from local, state, and federal government sources and must comply with the commitment requirements of these funding source entities. However, the SJBOCES is not included in any other governmental "reporting entity" as defined by the GASB pronouncement since Board members are appointed by each member school government and have decision-making authority, the power to designate management, the ability to significantly influence operations, and have primary accountability of fiscal matters. In addition, there are no component units, as defined in GASB Statements 14, 39, and 61, required to be included in the SJBOCES reporting entity.

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 of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental Activities* are supported by intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. The policy of SJBOCES is to not allocate indirect expenses to functions in the Statement of Activities. *Program revenues* include: 1) charges to customers or applicants 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. Other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for the governmental fund.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of 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 statement is reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter (i.e., within 60 days) to pay liabilities in the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

All revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

> ***General Fund*** – This is the SJBOCES's primary operating fund. It accounts for all financial resources of SJBOCES.

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

Deposits and Investments

SJBOCES considers all highly liquid investment purchases with an original maturity of three months or less to be cash equivalents.

Due from Other Governments

Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets and Lease Assets Being Amortized

Capital assets, which include land, building, and equipment, are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value at the date of donation.

The capitalization level for capital assets is $5,000 in all funds. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Buildings, improvements, and equipment are depreciated and amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Building	3-50
Equipment	5-10

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

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

Certain amounts related to pensions must be deferred.

Compensated Absences

Each employee of SJBOCES may accumulate a total of 18 days of vacation leave, depending upon position. However, employees are paid for the accumulated vacation leave upon retirement. SJBOCES accrues a liability for compensated absences, which meet the following criteria:

- SJBOCES' obligation relating to employee rights to receive compensation for future absences is attributable to employee services already rendered.
- The obligation relates to rights that vest or accumulate.
- Payment of the compensation is probable.
- The amount can be reasonably estimated.

SJBOCES budgets the available financial resources for that year’s anticipated payments for compensated absences. The entire unpaid liability for these compensated absences for the governmental fund is recorded at the government-wide level.

Accrued Salaries

Salaries and benefits to teachers and certain other employees are paid over a twelve-month period from August 1 to July 31, but are earned over a school year of approximately nine months. Nine months of salaries were paid before year-end, therefore, there were Accrued Salaries at June 30, 2024. Please refer to *Note 7* for more information.

Unearned Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Pensions

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

Other Postemployment Benefits (OPEB)

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which SJBOCES is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid items.
- *Restricted Fund Balance* – amounts restricted due to constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution of the Board of Directors. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance* – amounts that are available for any purpose; positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, SJBOCES considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, SJBOCES considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from these estimates. SJBOCES believes the techniques and assumptions used in establishing these estimates are appropriate.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado State Statute for all funds. During April, the Executive Director submits to the Board a proposed budget for all funds for the fiscal year commencing the following July 1. Public hearings are conducted by the Board to obtain comments. Prior to June 30, a preliminary budget is adopted by formal resolution. Prior to January 31 of the following year, a final budget is adopted by formal resolution.

Formal budgetary integration is employed as a management control device during the year for the governmental funds. The appropriated budget is prepared by fund. The SJBOCES department heads may not make transfers of appropriations. The legal level of control is the fund level.

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board. Variances between budget and actual result from the non-expenditure of reserves, nonoccurrence of anticipated events, scheduling of capital projects, and normal operating variances.

Reclassification

Certain amounts in fiscal year 2023 have been reclassified to conform to the fiscal year 2024 financial statement presentation.

NOTE 2 CASH AND CASH EQUIVALENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral, as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits.

At June 30, 2024, SJBOCES cash deposits had a carrying balance and bank balance as follows:

	Carrying Balance	Bank Balance
Cash on Hand and in Banks	$ 700,863	$ 1,510,958
COLOTRUST Investments	906,935	906,935
Total Deposits	$ 1,607,798	$ 2,417,893

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the SJBOCES' deposits may not be returned to it. At June 30, 2024, $1,010,958 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

SJBOCES does not have a policy relating to interest rate risk.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest. They include the following:

- Obligations of the United States and certain U.S. governments agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper holding the highest credit rating category and with a maturity within 180 days
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

COLOTRUST is a money market investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. The pool operates similarly to a money market fund and each share is equal in value to $1.00. Investments consist of U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. COLOTRUST is rated AAAm by Standard and Poors, and maintains a constant net asset value of $1 per share. Financial statements for COLOTRUST are available at www.colotrust.com. The total COLOTRUST investment was valued at $906,935 at June 30, 2024 with a credit rating of AAAm by Standard & Poors.

Interest Rate Risk – The SJBOCES does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligation. State statutes limit investments in U.S. Agency securities to the highest rating issued by Nationally Recognized Statistical Rating Organizations (NRSROs).

Concentration of Credit Risk – The risk of loss attributed to the magnitude of a government's investment in a single issuer. The SJBOCES has not established a policy limiting the investment in any type of security and deems it unnecessary at this time.

NOTE 3 CAPITAL ASSETS

The following is a summary of changes in the governmental capital assets for the year ended June 30, 2024:

	Balance 06/30/2023	Additions	Deletions	Balance 06/30/2024
Governmental Activities				
Capital Assets being Depreciated:				
Equipment	$ 119,823	$ -	$ -	$ 119,823
Accumulated Depreciation	(119,823)	-	-	(119,823)
Total Capital Assets being Depreciated, Net	-	-	-	-
Lease Assets being Amortized:				
Buildings	152,589	-	-	152,589
Accumulated Amortization	(102,912)	(49,677)	-	(152,589)
Total Lease Assets being Amortized, Net	49,677	(49,677)	-	-
Total Governmental Activities, Net	$ 49,677	$ (49,677)	$ -	$ -

Depreciation and amortization are allocated to the General Administration function on the Statement of Activities.

NOTE 4 LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the SJBOCES for the year ended June 30, 2024:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year
Governmental Activities					
Lease Liability	$ 49,885	$ -	$ 49,885	$ -	$ -
Compensated Absences	16,326	-	16,326	-	-
	$ 66,211	$ -	$ 66,211	$ -	$ -

Lease Liability

The SJBOCES entered into a lease agreement for office space on July 1, 2021, in the amount of $152,589 with an estimated borrowing rate of 4.38%. The lease required monthly payments of $4,635 for three years. Final payment was due in May 2024 so therefore, no more annual requirements to amortize long-term obligations and related interest is required.

NOTE 5 TAX, SPENDING, AND DEBT LIMITATION

In November of 1992, Colorado voters approved a State Constitutional Amendment, referred to as the Taxpayer's Bill of Rights (TABOR), containing tax, spending, and debt limitations on state and local governments. The amendment is complex and subject to judicial interpretation.

The management of SJBOCES believes it does not meet the definition of a governmental entity under the guidelines of TABOR and, therefore, is not subject to the provisions of this amendment. However, the SJBOCES has made certain interpretations of the amendment's language in order to reach this conclusion.

NOTE 6 COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the SJBOCES expects such amounts, if any, to be immaterial.

NOTE 7 ACCRUED SALARIES AND BENEFITS

The teachers, administrators, and the administrative staff are employed under nine, ten, and eleven-month contracts. All SJBOCES employees are paid on a twelve-month basis and, therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the SJBOCES' share of benefits, has been accrued in the financial statements in the amount of $475,938.

NOTE 8 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Benefits provided as of December 31, 2023. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

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

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

Contributions provisions as of June 30, 2024. Eligible employees of the SJBOCES and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2023 through June 30, 2024. Employer contribution requirements are summarized in the table below:

	July 1, 2023 Through June 30, 2024
Employer Contribution Rate	11.40%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%
Amount Apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the SJBOCES is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the SJBOCES were $864,042, for the year ended June 30, 2024.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a $225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. §§ 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of $225 million plus an additional amount of $380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to $35 million. Additionally, the newly added C.R.S. § 24-51-414(9) providing compensatory payment of $14.561 million for 2023 only.

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

The net pension liability for the SCHDTF was measured as of December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the TPL to December 31, 2023. The SJBOCES proportion of the net pension liability was based on the SJBOCES contributions to the SCHDTF for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2024, the SJBOCES reported a liability of $11,929,951 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the SJBOCES as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the SJBOCES were as follows:

SJBOCES proportionate share of the net position liability	$ 11,929,951
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the SJBOCES	261,588
Total	$ 12,191,539

At December 31, 2023, the SJBOCES proportion was 0.067%, which was a increase of 0.014% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the SJBOCES recognized pension expense of $504,396 and revenue of $19,930 for support from the State as a nonemployer contributing entity. At June 30, 2024, the SJBOCES 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
Difference between expected and actual experience	$ 565,706	$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	855,192	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,471,235	581,897
Contributions subsequent to the measurement date	465,750	-
Total	$ 3,357,883	$ 581,897

$465,750 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2025	$ 436,155
2026	1,105,422
2027	1,007,108
2028	(238,450)
2029	-
Thereafter	-

Actuarial assumptions. The TPL in the December 31, 2022 actuarial valuation was determined 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 pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07 (compounded annually)	1.00%
PERA Benefit Structure hired after 12/31/06[1]	Financed by the AIR

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

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

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

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

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

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

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

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

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

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies prepared at least every five years and asset/liability studies performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate
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 TPL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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

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

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

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

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

- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 15,952,329	$ 11,929,951	$ 8,575,775

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

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

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

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

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

PERA Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the SJBOCES is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the SJBOCES were $43,244 for the year ended June 30, 2024.

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

At June 30, 2024, the SJBOCES reported a liability of $287,415 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TOL to December 31, 2023. The SJBOCES proportion of the net OPEB liability was based on the SJBOCES contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the SJBOCES proportion was 0.0403%, which was a decrease of 0.00047% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the SJBOCES recognized OPEB expense of ($65,225). At June 30, 2024, SJBOCES 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
Difference between expected and actual experience	$ -	$ 58,908
Changes of assumptions or other inputs	3,380	30,476
Net difference between projected and actual earnings on OPEB plan investments	8,889	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	15,437	4,867
Contributions subsequent to the measurement date	23,310	-
Total	$ 51,016	$ 94,251

$23,310 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,		
2025	$	(30,146)
2026		(15,007)
2027		(3,482)
2028		(12,410)
2029		(4,269)
Thereafter		(1,231)

Actuarial assumptions. The TOL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 %
PERACare Medicare plans[1]	7.00% in 2023 gradually decreasing to 4.50% in 2033
Medicare Part A premiums	3.50% in 2023, gradually increasing to 4.50% in 2035.

[1] UnitedHealthcare MAPD PPO plans are 0% for 2023.

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.20%	2.30%
69	2.80%	2.20%
70	2.70%	1.60%
71	3.10%	0.50%
72	2.30%	0.70%
73	1.20%	0.80%
74	0.90%	1.50%
75-85	0.90%	1.30%
86 and older	0.00%	0.00%

	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
Sample Age	Male	Female	Male	Female	Male	Female
65	$1,692	$1,406	$579	$481	$1,913	$1,589
70	$1,901	$1,573	$650	$538	$2,149	$1,778
75	$2,100	$1,653	$718	$566	$2,374	$1,869

	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
Sample Age	Male	Female	Male	Female	Male	Female
65	$6,469	$5,373	$4,198	$3,487	$6,719	$5,581
70	$7,266	$6,011	$4,715	$3,900	$7,546	$6,243
75	$8,026	$6,319	$5,208	$4,101	$8,336	$6,563

The 2023 Medicare Part A premium is $506 per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

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

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

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

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

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

- Per capita health care costs in effect as of the December 31, 2022 valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.

- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.

- 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.

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

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare Part A trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 279,166	$ 287,415	$ 296,388

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.

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

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

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

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

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

- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.

- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a $24 million payment received on December 4, 2023, and a $2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were $1.033 million and $24.967 million, respectively.

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

Sensitivity of the District'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 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 339,473	$ 287,415	$ 242,879

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

NOTE 10 RISK OF LOSS

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

REQUIRED SUPPLEMENTARY INFORMATION

A budgetary comparison schedule is required for the General Fund and, if applicable, each of the SJBOCES' major special revenue funds. In addition, pension plan and OPEB contributions and the District's proportionate share of the net pension and OPEB liability are required to supplement the basic financial statements.

General Fund

The General Fund is used to account for resources traditionally associated with the government, which are not required legally or by sound financial management to be accounted for in another fund.

SAN JUAN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2024

	2024				2023
	BUDGETED AMOUNTS			Variance with Final Budget Favorable	
	ORIGINAL	FINAL	Actual	(Unfavorable)	Actual
REVENUES					
Local	$ 1,640,095	$ 1,640,095	$ 2,296,627	$ 656,532	$ 2,154,802
State	5,330,077	6,697,701	5,086,955	(1,610,746)	4,768,731
Federal	3,282,894	3,282,894	3,181,605	(101,289)	1,978,610
Other	-	-	38,212	38,212	10,020
TOTAL REVENUES	10,253,066	11,620,690	10,603,399	(1,017,291)	8,912,163
EXPENDITURES					
Instructional Services	4,910,196	6,277,820	3,493,718	2,784,102	2,663,320
Supporting Services:					
Pupil Support Services	1,818,641	1,818,641	4,370,548	(2,551,907)	4,031,453
Instructional Staff Support	2,539,990	2,539,990	1,904,435	635,555	1,183,350
Business Services	568,302	568,302	311,728	256,574	317,764
Operations and Maintenance	42,211	42,211	67,856	(25,645)	65,063
General Administration	-	-	1,638	(1,638)	28,779
Central Supporting Services	373,726	373,726	373,331	395	622,648
Facilities Acquisition and Const. Services	-	-	-	-	-
TOTAL EXPENDITURES	10,253,066	11,620,690	10,523,254	1,097,436	8,912,377
NET CHANGE IN FUND BALANCE	-	-	80,145	80,145	(214)
Fund Balance, Beginning of year	-	-	1,078,431	1,078,431	1,078,645
Fund Balance, End of year	$ -	$ -	$ 1,158,576	$ 1,158,576	$ 1,078,431

Notes to Required Supplementary Information:

The basis of budgeting is the same as GAAP.
The schedule is presented on the GAAP basis.

Pensions & Other Post-Employment Benefits

These schedules are presented to illustrate the requirements to show information for ten years. However, until a full 10-year trend is compiled, the SJBOCES will present information for those years for which information is available.

SAN JUAN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF THE SJBOCES PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
SJBOCES proportion of the net pension liability	0.067%	0.054%	0.062%	0.067%	0.059%	0.058%	0.080%	0.087%	0.085%	0.088%
SJBOCES proportionate share of the net pension liability (asset)	$ 11,929,951	$ 9,777,886	$ 7,210,841	$ 10,149,501	$ 8,836,158	$ 10,260,651	$ 25,913,934	$ 25,771,902	$ 12,938,025	$ 11,868,602
State's proportionate share of the net pension liability	261,588	2,849,374	826,631	-	1,120,754	1,403,002	-	-	-	-
Total	$ 12,191,539	$ 12,627,260	$ 8,037,472	$ 10,149,501	$ 9,956,912	$ 11,663,653	$ 25,913,934	$ 25,771,902	$ 12,938,025	$ 11,868,602
SJBOCES covered payroll	$ 4,403,421	$ 4,127,006	$ 3,875,646	$ 3,585,124	$ 3,474,760	$ 3,187,708	$ 3,696,692	$ 3,884,912	$ 3,686,579	$ 3,661,445
SJBOCES proportionate share of the net pension liability (asset) as a percentage of its covered payroll	271%	237%	186%	283%	254%	322%	701%	663%	351%	324%
Plan fiduciary net position as a percentage of the of the total pension liability	64.74%	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.1%	59.2%	62.8%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SAN JUAN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF THE SJBOCES CONTRIBUTIONS
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 864,042	$ 874,638	$ 821,755	$ 712,493	$ 706,760	$ 634,877	$ 600,109	$ 744,734	$ 672,103	$ 606,027
Contributions in relation to the contractually required contribution	(864,042)	(874,638)	(821,755)	(712,493)	(706,760)	(634,877)	(600,109)	(744,734)	(672,103)	(606,027)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
SJBOCES covered payroll	$ 4,239,654	$ 4,283,075	$ 4,121,134	$ 3,584,358	$ 3,646,850	$ 3,318,750	$ 3,174,359	$ 4,045,222	$ 3,780,991	$ 3,578,282
Contributions as a percentage of covered payroll	20.38%	20.42%	19.94%	19.88%	19.38%	19.13%	18.90%	18.41%	17.78%	16.94%

See notes to the required supplementary information.

SAN JUAN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF THE SJBOCES PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
COLORADO PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017
SJBOCES proportion of the net pension liability	0.040270%	0.040736%	0.040429%	0.038896%	0.038645%	0.037665%	0.045534%	0.049201%
SJBOCES proportionate share of the net pension liability (asset)	$ 287,415	$ 332,600	$ 348,623	$ 369,595	$ 434,364	$ 512,448	$ 591,931	$ 637,908
SJBOCES covered payroll	$4,403,421	$4,127,006	$3,875,646	$3,585,124	$3,474,760	$3,187,708	$3,696,692	$3,884,912
SJBOCES proportionate share of the net pension liability (asset) as a percentage of its covered payroll	7%	8%	9%	10%	13%	16%	16%	16%
Plan fiduciary net position as a percentage of the total pension liability	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	20.07%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See notes to the required supplementary information.

SAN JUAN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF THE SJBOCES CONTRIBUTIONS
COLORADO PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 43,244	$ 43,687	$ 42,036	$ 36,560	$ 37,198	$ 33,851	$ 32,378	$ 41,261	$ 38,566	$ 36,498
Contributions in relation to the contractually required contribution	(43,244)	(43,687)	(42,036)	(36,560)	(37,198)	(33,851)	(32,378)	(41,261)	(38,566)	(36,498)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
SJBOCES covered payroll	$ 4,239,654	$ 4,283,075	$ 4,121,134	$ 3,584,358	$ 3,646,850	$ 3,318,750	$ 3,174,359	$ 4,045,222	$ 3,780,991	$ 3,578,282
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

See notes to the required supplementary information.

NOTE 1 PENSION PLAN - COLORADO PERA SCHDTF

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2023

- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the $225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus $10 million from the General Fund, totaling $14.561 million.
- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

2022

- HB 22-1029, effective upon enactment in 2022, required the State Treasurer to issue, in addition to the regularly scheduled $225,000 direct distribution, a warrant to PERA in the amount of $380,000 with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by $190,000 to $35,000. The July 1, 2024, direct distribution will not be reduced from $225,000 due to a negative investment return in 2022.

2021

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022:
  - Member contribution rates increase by 0.50%.
  - Employer contribution rates increase by 0.50%.
  - Annual increase (AI) cap is lowered from 1.25% per year to 1.00% per year.

2020

- HB 20-1379, enacted on June 29, 2020, suspended the $225,000 direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

2019

- SB 18-200 was enacted on June 4, 2018, which included the adoption of the AAP. The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
  - Member contribution rates increase by 0.50%.
  - Employer contribution rates increase by 0.50%.
  - AI cap is lowered from 1.50% per year to 1.25% per year.

2018

- The following changes were made to the plan provisions as part of SB 18-200:
  - Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020, and an additional 0.50% effective July 1, 2021.
  - Employer contribution rates increase by 0.25% effective July 1, 2019
  - An annual direct distribution of $225,000 from the State of Colorado, recognized as a nonemployer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions proportionally based on payroll.
  - AI cap is lowered from 2.00% per year to 1.50% per year.
  - Initial AI waiting period is extended from one year after retirement to three years after retirement.
  - AI payments are suspended for 2018 and 2019.
  - The number of years used in the Highest Average Salary calculation for non-vested members as of January 1, 2020, increases from three to five years.

2017 – no changes

2016 – no changes

2015 – no changes

2014 – no changes

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2023 – no changes

2022– no changes

2021

- The assumption used to value the AI cap benefit provision was changed from 1.25% to 1.00%.

2020

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School Divisions was changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
  - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a benefit-weighted basis.

2019

- The assumption used to value the AI cap benefit provision was changed from 1.50% to 1.25%.

2018

- The single equivalent interest rate (SEIR) was increased from 4.78% to 7.25% to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

2017

- The SEIR for the School Division was lowered from 5.26% to 4.78% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR changed from 3.86% on the prior measurement date to 3.43% on the measurement date.

2016

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The post-retirement mortality assumption for healthy lives was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93% factor applied to ages below 80 and a 113% factor applied to age 80 and above, projected to 2018, for males, and a 68% factor applied to ages below 80 and a 106% factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90% of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.

- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35% to 0.40%.
- The SEIR for the State and School Divisions was lowered from 7.50% to 5.26% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86% on the measurement date.

2015

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18-month AI timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and UAAL payment calculations to reflect contributions throughout the year.

2014 – no changes

NOTE 2 OTHER POST-EMPLOYMENT BENEFIT PLAN - COLORADO PERA HCTF

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2023

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a $24,000 payment received on December 4, 2023 and a $2,000 receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were $1,033 and $24,967, respectively.

2022

- 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, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

2021 – no changes

2020 – no changes

2019 – no changes

2018 – no changes

2017

- The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division, thereby ending participation in the HCTF on December 2, 2017. For the purpose of disclosure as of the December 31, 2017, measurement date, liabilities were determined assuming no additional service accruals impacting possible future premium subsidies for the disaffiliated membership of the CFPD that had not refunded their PERA member contribution accounts. The total disaffiliation payment of $1,159 was allocated to the Local Government Division Trust Fund and the HCTF in the amount of $1,063 and $96, respectively.

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2023 – no changes

2022

- The timing of the retirement decrement was adjusted to middle-of-year.

2021 – no changes

2020

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption was changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
  - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
  - Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
  - Females: 105% of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a head-count weighted basis.

2019 – no changes

2018 – no changes

2017 – no changes

SUPPLEMENTARY INFORMATION

SAN JUAN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title	*Assistance Listing Number*	*Pass-through Grantor and Number*	*Federal Expenditures ($)*
Special Education Cluster (IDEA)			
U.S. Department of Education			
Special Education Grants to States	84.027	Colorado Department of Education, 4027	$ 2,285,952
Special Education Preschool Grants	84.173	Colorado Department of Education, 4173	51,419
Total Special Education Cluster (IDEA)			2,337,371
Other Programs			
U.S. Department of Education			
Career and Technical Education - Basic Grants to States	84.048	State Board of Community Colleges, 4048	81,598
Special Education - State Personnel Development	84.323	Colorado Department of Education, 5323	20,405
COVID-19 Education Stabilization Fund	84.425U	Colorado Department of Education, 4429, 4438	742,231
Total Other Programs			844,234
Total Expenditures of Federal Awards			$ 3,181,605

SAN JUAN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available, however no federal funds were passed through to other entities during fiscal year 2024. San Juan Board of Cooperative Educational Services did not elect to use the 10-percent de mininis indirect cost rate as allowed under the Uniform Guidance for the year ended June 30, 2024.

NOTE 2: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of San Juan Board of Cooperative Educational Services under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of San Juan Board of Cooperative Educational Services, it is not intended to and does not present the financial position or changes in net position of San Juan Board of Cooperative Educational Services.

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

Wall,
Smith,
Bateman Inc.

To the Board of Directors
San Juan Board of
Cooperative Educational Services
Durango, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the San Juan Board of Cooperative Educational Services (SJBOCES), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the SJBOCES' basic financial statements and have issued our report thereon dated February 26, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Certified Public Accountants
3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

SJBOCES' Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the SJBOCES' response to the finding identified in our audit and described in the accompanying corrective action plan. SJBOCES' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

February 26, 2025

Wall,
Smith,
Bateman Inc.

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

To the Board of Directors
San Juan Board of
Cooperative Educational Services
Durango, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the San Juan Board of Cooperative Educational Services' (SJBOCES) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the SJBOCES' major federal programs for the year ended June 30, 2024. The SJBOCES' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the SJBOCES complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the SJBOCES' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and

Certified Public Accountants
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therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the SJBOCES' compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

February 26, 2025

SAN JUAN BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___X___ yes _______ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _______ yes ___X___ none reported
- Noncompliance material to financial statements noted? _______ yes ___X___ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _______ yes ___X___ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _______ yes ___X___ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _______ yes ___X___ no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.027 and 84.173	Special Education Cluster (IDEA)

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

Auditee qualified as a low-risk auditee? ___X___ yes _______ no

Section II – Financial Statement Findings

Finding 2024-001: Internal Control Over Financial Reporting

Type of Finding: Internal Control (material weakness)

Criteria: A system of internal controls includes the design, documentation, and monitoring of control activities over budgeting, the application of accounting principles, grant reconciliation, and financial statement preparation.

Condition: SJBOCES has not implemented a complete system of internal controls over year-end financial close procedures.

Cause: Turnover in the Finance Director position during fiscal year 2024 caused monthly and year-end reconciliation difficulties.

Effect: As a result of this condition, the following areas were affected:

1. Confirmations sent to the participating Districts did not reconcile to the receipts and disbursements recorded by SJBOCES.
2. Employer's Quarterly Federal Tax Return (Form 941) for fiscal year 2024, were not available to verify accuracy and timely submission.
3. Audit adjustments were proposed to properly state the financial statements as of June 30, 2024, in accordance with generally accepted accounting principles.

Recommendation: SJBOCES should improve internal controls with adopted policies and procedures over year-end reconciliation of balance sheet accounts and implement a reconciliation process to ensure transactions paid and received by the Districts are properly recorded. In addition, the SJBOCES should formalize documentation filing procedures over 941 reporting.

Management's Response: See Corrective Action Plan

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Schedule of Prior Audit Findings

None

SAN JUAN BOCES
SAN JUAN BOARD OF COOPERATIVE EDUCATIONAL SERVICES

CORRECTIVE ACTION PLAN

Oversight Agency: U.S. Department of Education

San Juan Board of Cooperative Educational Services respectfully submits the following corrective action plan for the year ended June 30, 2024.

Independent Accountants: Wall, Smith, Bateman Inc.
Certified Public Accountants
3001 Adcock Circle
Alamosa, CO 81101

Audit period: Year ended June 30, 2024

The findings from the June 30, 2024 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

Section II – Financial Statement Findings

Finding 2024-001: Internal Control over Financial Reporting

Type of Finding: Internal Control (material weakness)

Recommendation: SJBOCES should improve internal controls with adopted policies and procedures over year-end reconciliation of balance sheet accounts and implement a reconciliation process to ensure transaction paid and received by the Districts are properly recorded. In addition, the SJBOCES should formalize documentation filing procedures over 941 reporting.

Action Taken: As a result of turn over in the Finance Department in FY24, many changes and procedures have been made to ensure that such Internal Control weaknesses can be corrected and avoided in the future. A new Accounting and Payable systems have been implemented and put in place in FY25 along with the proper set up of settings that allows for a much seamless process to reconcile grants, monitor revenue and expenses, and prepare accurate and timely Financial Statements/Budgets.

The Finance Director and the Executive Director work hand in hand in aspects such as coding and approving all Revenue & Expenses. Monthly meetings occur to go over all aspects of the grants and monetary accounts. Along with our new set up of the chart of accounts this has allowed us to break down our Revenue and Expenses in manner that gives us more detailed information which allows us to make prudent and necessary business decisions.

1. Effective end of the 3rd Qtr FY25 , summaries will be sent out to all the Districts on a Quarterly basis showing all payments paid to and received from the Districts.

They will be broken out by category in case the districts miscoded an entry. At the end of the Fiscal year all payments should match exactly what the BOCES and the Districts have on their respective accounting records.

2. In FY24 SJ BOCES used Infinite Visions to process payroll, during the audit process we were not able to locate copies of the 941s but were able to print 941 summaries from the system. In FY25 SJ BOCES started using a 3rd party payroll company that makes the 941 payments on our behalf. Copies of the 941 reports are available in the payroll software and can be printed at any time. The Finance department will also set up access to EFTPS to verify that the Tax Deposits have been recorded in SJ BOCESs IRS Tax account.

If there are questions regarding this plan, please call the responsible parties listed below.

Sincerely yours,

Scotty Brandstetter
Director of Finance & Business Services
San Juan BOCES

Royce Tranum
Executive Director
San Juan BOCES

Colorado Department of Education

Auditors Integrity Report

District: 9050 - San Juan BOCES

Fiscal Year 2023-24

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses -	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance =
Governmental				
10 General Fund	1,078,431	10,603,399	10,523,254	1,158,576
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	**1,078,431**	**10,603,399**	**10,523,254**	**1,158,576**
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	**0**	**0**	**0**	**0**
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	**0**	**0**	**0**	**0**
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	**0**	**0**	**0**	**0**

FINAL