

SAN LUIS VALLEY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Financial Statements
Fiscal Year Ended June 30, 2024



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

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June 30, 2024

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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of Directors
San Luis Valley Board of
Cooperative Educational Services
Alamosa, Colorado

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the SLVBOCES 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 SLVBOCES' 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.

Certified Public Accountants

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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 SLVBOCES' 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 SLVBOCES' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension, and other postemployment benefits 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 San Luis Valley Board of Cooperative Educational Services' basic financial statements. The accompanying Colorado School District 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 Colorado School District 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 October 22, 2024, on our consideration of the SLVBOCES' 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 SLVBOCES' 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 SLVBOCES' internal control over financial reporting and compliance.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

October 22, 2024

BASIC FINANCIAL STATEMENTS

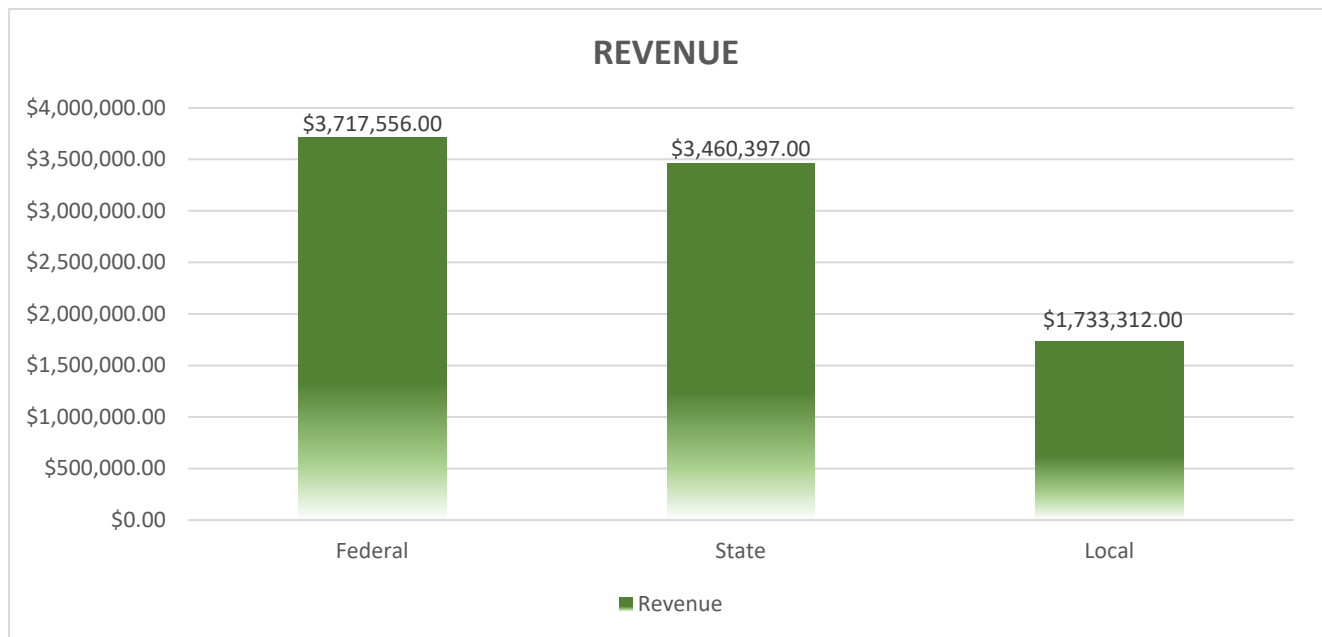
**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDING JUNE 30, 2024**

As management of the San Luis Valley Board of Cooperative Educational Services (BOCES), we offer readers of the BOCES' financial statements this narrative overview and analysis of the financial activities of the BOCES for the fiscal year ending June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit. While GASB 34 requires responses to eight items that are included herein, we will start this MD&A with a review of key financial highlights.

Financial Highlights

SLV BOCES financial status is quite stable. The beginning fund balance on July 1, 2023 was \$1,110,337 and ending fund balance on June 30, 2024 was \$1,416,071; which is an increase of \$305,734.

The General Fund had total revenue of \$8,911,265. The sources of this revenue were \$3,717,556 (42%) from Federal sources; \$3,460,397 (39%) from State sources; and \$1,733,312 (19%) from local sources.



Analysis of Financial Position & Results of Operations

SLV BOCES is committed to the basic premise of working cooperatively with member districts to provide equity in educational opportunities to all students. The BOCES goal supports its member districts in providing full educational opportunities to all children with disabilities. SLV BOCES supports its members in providing a free and appropriate public education to all eligible students from 3 to 21 years of age.

SLV BOCES saw an increase in fund balance this year. Monthly, the Executive Director and finance staff review financial reports to track expenditures within budget categories. Any problems noted were attended to immediately. Quarterly reports of the fiscal position of the BOCES are supplied to the Board of Directors as required by state law. The financial information is available online at www.slvboces.org.

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDING JUNE 30, 2024**

The operations of the BOCES during the 2023/2024 fiscal year showed a wide variety of programs that were funded. The department of Exceptional Student Services remains the largest operation in the BOCES with approximately 90% of staff working directly with our exceptional student population.

The Alternative Teacher Licensure Program remains a success with 17 candidates completing the program in 2023/2024. This program provides an alternative option for residents to earn a Colorado teacher's license while on the job. Member school districts utilize this option to find quality people who have knowledge and skills that can benefit students and their districts.

Also offered through the BOCES is the Induction Program with 27 candidates in 2023/2024. This is a collaborative endeavor between the BOCES and member school districts. New teachers and/or principals, as well as administrators are enrolled in the program and work with mentors to obtain professional licensure. Participation in an induction program is required by the CDE to convert a three-year initial teaching, special services, or administrative license to a professional license.

The following grants came to an end on June 30, 2024, with an expenditure run out period extending to September 30, 2024: Rural Co-Action, ESSER III, and ARP HCY II.

The BOCES continued to receive IDEA Part B and Federal Preschool dollars for the 2023/2024 fiscal year. In addition, the BOCES received EARSS, SWAP, McKinney-Vento, Gifted & Talented, Universal Screening, Title III, and various other federal and state funds to support students in the San Luis Valley. The BOCES continued billing for Medicaid in 2023/2024. The BOCES supports the salaries of speech therapists, school psychologists, occupational therapists, physical therapists, an audiologist, special education teachers, paraprofessionals, records, administration, etc.

In 2023/2024 SLV BOCES began a day treatment program named SLV Foundations Academy. The program is operated out of the BOCES administrative office building. SLV Foundations Academy is available to serve K-12 students in any of our 14 school districts who have behavioral disorders. In 2023/2024 there were 8 students enrolled.

In 2023/2024 SLV BOCES applied for and was awarded the BEST grant in the amount of \$6,080,152.78. A contract was signed for the purchase of a new building located at 1803 W Hwy 160, Monte Vista, CO 81144. The building was subsequently purchased in July 2024. BEST funds will be utilized to renovate the building. The new building will house the SLV Foundations Academy, the SLV Transitions program, as well as the administrative offices. Construction will begin in 2025 and is anticipated to be completed by the Spring of 2026. The BOCES will be required to contribute \$699,678.60 toward the purchase price and renovation of the new building as a BEST grantee match.

Overview of Basic Financial Statements

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

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDING JUNE 30, 2024**

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the BOCES' finances.

The statement of net position presents information on all the assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the BOCES is improving or declining.

The statement of activities presents information showing how the BOCES' net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the BOCES that are principally supported by district assessments and governmental revenues.

The BOCES is required to implement GASB 75 resulting in a net other post-employment benefit (OPEB) liability of \$202,692 in 2023/2024. Under GASB 75 the BOCES' proportionate share of the OPEB liability of the Colorado state retirement system Health Care Trust Fund administered by the Public Employees Retirement Association, is recorded as a liability of the district.

The BOCES was required to implement GASB 68 resulting in a net pension liability of \$8,394,460. Under GASB 68 the BOCES's proportionate share of the net pension liability of the Colorado state retirement system, the Public Employees Retirement Association, is recorded as a liability of the BOCES.

Government –Wide Financial Analysis

Net Position may serve over time as a useful indicator of a government's financial position. In the case of SLV BOCES, the total net position was (\$4,614,085). The largest portion of the BOCES' net position reflects its obligation for the BOCES portion of the net pension obligation for PERA. The BOCES' financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDING JUNE 30, 2024**

Table 1. Net Position for the Period Ending June 30, 2024 & June 30, 2023

This analysis will show a good comparison from the prior year assets, since the implementation of GASB Statement 34.

Table 1

Assets	<u>2024</u>	<u>2023</u>
Current Assets	\$ 4,274,467	\$ 3,976,404
Capital assets, net of accumulated depreciation	\$ 109,682	\$ 45,891
Total Assets	\$ 4,384,149	\$ 4,022,295
 Deferred Outflows of Resources		
Total Deferred Outflows of Resources	\$ 2,758,111	\$ 1,449,007
 Liabilities		
Current Liabilities	\$ 2,858,396	\$ 2,866,068
Long-Term Liabilities	\$ 8,602,854	\$ 6,542,445
Total Liabilities	\$ 11,461,250	\$ 9,408,513
 Deferred Inflows of Resources		
Total Deferred Inflows of Resources	\$ 295,095	\$ 733,545
 Net Position - Equity		
Net Investment in Capital Assets	\$ 109,682	\$ 45,891
Restricted for Emergencies	\$ -	\$ -
Unrestricted	\$ (4,723,767)	\$ (4,716,647)
Total Net Position	\$ (4,614,085)	\$ (4,670,756)

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDING JUNE 30, 2024**

Table 2. Statement of Governmental Activities for the Fiscal Years Ended June 30, 2024 & June 30, 2023

Table 2

	<u>2024</u>	<u>2023</u>
Governmental Activity Revenues:		
Charges for Services	\$ 1,216,906	\$ 1,141,931
Operating Grants & Contributions	\$ 7,551,180	\$ 5,949,998
Capital Grants & Contributions	\$ 8,968	\$ -
General Revenues	\$ 134,211	\$ 12,399
Total Governmental Activity Revenues	<u>\$ 8,911,265</u>	<u>\$ 7,104,328</u>
 Governmental Activities Expenses:		
Instructional	\$ 3,964,532	\$ 3,076,961
Students	\$ 1,903,287	\$ 1,437,377
Instructional Staff	\$ 1,347,946	\$ 971,526
General Support Services	\$ 30,232	\$ 2,206
School Support Services	\$ 105,076	\$ 115,321
Business Services	\$ 888,499	\$ 628,166
Operations and Maintenance	\$ 71,991	\$ 77,712
Transportation Services	\$ 94,604	\$ 4,112
Central Office Support	\$ 144,546	\$ 160,695
Other Supporting Services	\$ 293,882	\$ 260,968
Facilities Acquisition and Construction Services	\$ 10,000	
Total Governmental Activities Expenses	<u>\$ 8,854,595</u>	<u>\$ 6,735,044</u>
 Net Position, Beginning	\$ (4,670,756)	\$ (5,040,040)
Net Position, Ending	\$ (4,614,086)	\$ (4,670,756)
Change in Net Position	<u>\$ 56,670</u>	<u>\$ 369,284</u>

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDING JUNE 30, 2024**

Analysis of Fund Balances & Transactions

The beginning fund balance on July 1, 2023 was \$1,110,336 and ending fund balance on June 30, 2024 was \$1,416,070. The BOCES continues to work toward maintaining a healthy fund balance.

Table 3. Schedule of Revenues, Expenditures & Change in Fund Balance for the Fiscal Years ended June 30, 2024 & June 30, 2023.

Table 3

	<u>2024</u>	<u>2023</u>
Revenues:		
Local Sources	\$ 1,733,312	\$ 1,382,828
State Sources	\$ 3,460,397	\$ 3,705,318
Federal Sources	\$ 3,717,556	\$ 2,016,182
Total Governmental Activity Revenues	<u>\$ 8,911,265</u>	<u>\$ 7,104,328</u>
 Expenditures:		
Instructional	\$ 3,842,998	\$ 3,338,015
Students	\$ 1,850,700	\$ 1,479,842
Instructional Staff	\$ 1,322,006	\$ 1,017,786
School Administration	\$ 128,960	\$ 128,069
Business Services	\$ 867,344	\$ 655,105
Operations and Maintenance	\$ 68,054	\$ 73,778
Student Transportation	\$ 85,069	\$ 4,112
Central Office Support	\$ 144,546	\$ 164,085
Other Support	\$ 285,708	\$ 271,472
Community Services	\$ 146	\$ -
Facilities Acquisition and Construction Services	\$ 10,000	\$ -
Total Governmental Activities Expenses	<u>\$ 8,605,531</u>	<u>\$ 7,132,264</u>
 Revenues Over (Under) Expenditures	\$ 305,734	\$ (27,936)
Sale of Capital Assets	\$ -	\$ -
Net Change in Fund Balance	\$ 305,734	\$ (27,936)
Fund Balances, Beginning of Year	<u>\$ 1,110,336</u>	<u>\$ 1,138,272</u>
Fund Balances, End of Year	<u>\$ 1,416,070</u>	<u>\$ 1,110,336</u>

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDING JUNE 30, 2024**

Budget Variance Analysis

There were budget variances from the final budget that was approved at the January 24, 2024, board meeting, and what the actual audit numbers were. To begin with, revenues are received by three primary sources, state, local, and federal. The approved budget anticipated a total of \$10,131,706 being received by these three sources. Actual revenue received per audit was \$8,911,265. So, the difference between what was anticipated and what was received was \$-1,220,441.

One of the main reasons for having less revenue was due to the way that federal grant funding works. To request allocated federal funds, we must first have incurred the expenses. If there are less expenditures than anticipated, then the revenue will be less than anticipated.

The approved budget for expenditures was \$10,128,226, and the final audited expense total was \$8,605,531. This is positive because it means that the BOCES spent \$1,522,695 less than anticipated. However, the BOCES must remain active in making smart budget decisions each year, as expenditures continue to increase, but revenue sources are decreasing.

Expenditures are broken down into several categories. All the categories show variance differences in what was anticipated with the final budget and what was spent. The categories consist of instruction, students, instructional staff, school administration, and central support. In addition, the BOCES adopts a "worst case scenario" when budgeting for expenditures. What this means is that the BOCES anticipates expenditure to be extremely high to make sure that there will always be enough revenue to cover them.

**SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDING JUNE 30, 2024**

Capital Assets & Long-Term Debt Activity

Table 4. Summary of changes in capital assets for the fiscal year 2023-2024.

Table 4

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Depreciable Assets:				
Buildings	\$ 87,034	\$ -	\$ (45,243)	\$ 41,791
Equipment	171,569		(25,836)	145,733
Transportation	49,337	79,475	(49,337)	79,475
Total Depreciable Assets	307,940	79,475	(120,416)	266,999
Less Accumulated Depreciation for:				
Buildings	61,342	3,937	(45,243)	20,036
Equipment	151,370	2,212	(25,836)	127,746
Transportation	49,337	9,535	(49,337)	9,535
Total Accumulated Depreciation	262,049	15,684	(120,416)	157,317
Total Capital Asses, Net	\$ 45,891	\$ 63,791	\$ -	\$ 109,682

Modified Approach to Report Infrastructure Assets

This approach is not applicable to the BOCES.

Currently Known Facts Having Effect on Financial Position

The cost of health insurance, and the increase of PERA employer rates, as well as other employee benefits continues to be on the rise.

SLV BOCES is anticipating a decrease in our fund balance in 2024/2025 and 2025/2026 due to the BEST grantee match of \$699,678.60 required for the BEST grant.

Questions regarding this report should be directed to Colene Cordero, Business Manager at (719) 587-5405, ccordero@slvboces.org or by mail at San Luis Valley BOCES, 2261 Enterprise Drive, Alamosa, CO 81101.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

STATEMENT OF NET POSITION

June 30, 2024

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 3,038,709
Accounts Receivable	-
Due from Other Governments	1,235,758
Total Current Assets	<u>4,274,467</u>
Noncurrent Assets	
Capital assets not being depreciated:	-
Capital assets, net of accumulated depreciation:	109,682
Total Noncurrent Assets	<u>109,682</u>
TOTAL ASSETS	<u>4,384,149</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	2,695,026
OPEB	63,085
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,758,111</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	306,058
Accrued Salaries and Benefits	631,735
Unearned Grant Revenue	1,920,603
Financed Purchase Payable	-
Total Current Liabilities	<u>2,858,396</u>
Noncurrent Liabilities	
Compensated Absences Payable	5,702
Net Pension Liability	8,394,460
Net OPEB Liability	202,692
Total Noncurrent Liabilities	<u>8,602,854</u>
TOTAL LIABILITIES	<u>11,461,250</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	209,813
OPEB	85,282
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>295,095</u>
NET POSITION	
Net Investment in Capital Assets	109,682
Unrestricted	(4,723,767)
TOTAL NET POSITION	<u><u>\$ (4,614,085)</u></u>

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

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Primary Government
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
Instructional	\$ 3,964,532	\$ 860,589	\$ 4,850,491	\$ 8,968	\$ 1,755,516
Pupil Support Services	1,903,287	331,208	545,843	-	(1,026,236)
Instructional Staff Support	1,347,946	7,200	1,313,693	-	(27,053)
General Support Services	30,232	-	-	-	(30,232)
School Support Services	105,076	-	-	-	(105,076)
Business Services	888,499	17,909	533,395	-	(337,195)
Operations and Maintenance	71,991	-	-	-	(71,991)
Transportation Services	94,604	-	-	-	(94,604)
Central Supporting Services	144,546	-	22,050	-	(122,496)
Other Supporting Services	293,882	-	285,708	-	(8,174)
Facilities Acquisition and Construction Services	10,000	-	-	-	(10,000)
Total Primary Government					
and Governmental Activities	<u>\$ 8,854,595</u>	<u>\$ 1,216,906</u>	<u>\$ 7,551,180</u>	<u>\$ 8,968</u>	<u>(77,541)</u>
General Revenues					
Gain on Sale of Property					-
Earnings on Investments					134,211
Miscellaneous					<u>-</u>
Total General Revenues					<u>134,211</u>
Change in Net Position					56,670
Net Position, Beginning of Year					<u>(4,670,756)</u>
Net Position, End of Year					<u><u>\$ (4,614,085)</u></u>

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

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2024

	GENERAL FUND
ASSETS	
Cash and Cash Equivalents	\$ 3,038,709
Accounts Receivable	-
Due From Other Governments	<u>1,235,758</u>
TOTAL ASSETS	<u><u>\$ 4,274,467</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 306,058
Accrued Salaries Payable	631,735
Unearned Grant Revenue	<u>1,920,603</u>
TOTAL LIABILITIES	<u>2,858,396</u>
FUND BALANCE	
Unassigned	<u>1,416,071</u>
TOTAL FUND BALANCE	<u>1,416,071</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 4,274,467</u></u>

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

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
June 30, 2024

TOTAL GOVERNMENTAL FUND BALANCES	\$ 1,416,071
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	109,682
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position.	2,758,111
Long term liabilities, including compensated absences, are not due in the current period and therefore are not reported in the funds.	
Financed Purchase Payable	\$ -
Compensated Absences	<u>(5,702)</u>
	(5,702)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.	(8,597,152)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.	<u>(295,095)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ (4,614,085)</u>

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

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2024

	GENERAL FUND
REVENUES	
Local Sources	\$ 1,733,312
State Sources	3,460,397
Federal Sources	<u>3,717,556</u>
TOTAL REVENUES	<u>8,911,265</u>
EXPENDITURES	
Instructional	3,842,998
Supporting Services:	
Pupil	1,850,700
Instructional Staff	1,322,006
General	30,232
School	98,728
Business	867,344
Operation & Maintenance	68,054
Transportation	85,069
Central Support	144,546
Other Support	285,708
Community Services	146
Facilities Acquisition and Construction Services	10,000
Debt Service	<u>-</u>
TOTAL EXPENDITURES	<u>8,605,531</u>
Revenues Over (Under) Expenditures	305,734
OTHER FINANCING SOURCES (USES)	
Sale of Capital Assets	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>
NET CHANGE IN FUND BALANCE	305,734
Fund Balances, Beginning of Year	<u>1,110,337</u>
Fund Balances, End of Year	<u><u>\$ 1,416,071</u></u>

The accompanying notes are integral part of this financial statement.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 305,734**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the capital asset activity recorded in the current period.

Capital Asset Addition	\$ 79,475	
Depreciation Expense	(15,684)	
	\$	63,791

Debt Proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Financed Purchase Principal Payments	-
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Governmental funds do not report compensated absences unless they are current and payable. The change in compensated absences is recorded on the statement of activities.	3,488
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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 funds. This item consists of the change in pension and OPEB expense.	(316,343)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 56,670
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SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended by Statement No. 34, No. 39 and No. 61), *"The Financial Reporting Entity"* (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This SLVBOCES is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the SLVBOCES (the primary government) and its component units.

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 nonfiduciary activities of the SLVBOCES. For the most part, the SLVBOCES is 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 revenue. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The accounting and financial reporting treatment applied to the government-wide and fund financial statements is determined by the measurement focus. The government-wide financial statements are presented 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

decreases in net current assets and unreserved fund balances as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

Governmental funds use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of transactions can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

When both restricted and unrestricted resources are available for use, it is the SLVBOCES policy to use restricted resources first, then unrestricted resources, as they are needed.

Fund Accounting

The accounts of the SLVBOCES are organized on the basis of funds, each of which is considered to be separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The SLVBOCES reports all activity in one major fund presented in the accompanying basic financial statements is as follows:

- General Fund - the general operating fund of the SLVBOCES; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.

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

Cash and Investments

Cash represents amounts on deposit with financial institutions held by the SLVBOCES. The SLVBOCES is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The SLVBOCES considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables

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

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general SLVBOCES operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the governmental activities in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the fund. The SLVBOCES does not capitalize interest on the construction of capital assets in governmental funds.

The monetary threshold for capitalization of assets is \$5,000. The SLVBOCES capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-30 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

Certain amounts related to pensions and other post-employment benefits must be deferred.

Accrued Salaries Payable

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, at June 30, 2024, are estimated to be \$631,735. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

Accumulated unpaid vacation and sick pay are not accrued in governmental funds (using the modified accrual basis of accounting). These amounts do not exceed normal year's accumulations. It is the policy of the SLVBOCES that no monetary payments will be made for unused sick leave upon termination.

Accrued vacation payable as of June 30, 2024, was \$5,702.

Restricted Grants

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

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

Long-Term Obligations

In the government-wide financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities. The SLVBOCES records long-term debt of governmental funds at the face value.

Pensions

The SLVBOCES 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 SLVBOCES 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 should be 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 the SLVBOCES 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:

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – amounts restricted when 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 by the Board of Directors, the highest level of decision-making authority. 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 is expressed by the Board of Directors.
- *Unassigned Fund Balance* – amounts that are available for any purpose; these 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, the SLVBOCES considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the SLVBOCES 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.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the various funds. Encumbrances lapse at the end of the year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 BUDGETARY INFORMATION

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represented the original adopted budget as subsequently adjusted by the Board of Directors in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The SLVBOCES has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Executive Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

3. Prior to June 30, the budget is legally enacted through passage of resolution.
4. The Executive Director is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund.
6. The Budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments and the reallocation of budget line items within any program and/or department rests with management of the SLVBOCES. Revisions and/or supplemental appropriations that alter the total expenditures must be approved by the Board of Directors. Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Board of Directors throughout the year.

NOTE 3 DEPOSITS

The SLVBOCES carrying value of bank deposits was \$3,038,709, at June 30, 2024.

PDPA requires that all units of local government deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. 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 the aggregated uninsured deposits.

Custodial credit risk is the risk that in the event of a bank failure, the SLVBOCES deposits may not be returned to it. As of year-end, \$2,865,004 of the SLVBOCES bank balance of \$3,365,004 are uninsured, exposed to custodial risk, and collateralized with securities held by the pledging financial institution.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
<i>Governmental Activities</i>				
Depreciable assets:				
Buildings	\$ 87,034	\$ -	\$ 45,243	\$ 41,791
Equipment	171,569	-	25,836	145,733
Transportation	49,337	79,475	49,337	79,475
Total depreciable assets	<u>307,940</u>	<u>79,475</u>	<u>120,416</u>	<u>266,999</u>
Less accumulated depreciation for:				
Buildings	61,342	3,937	45,243	20,036
Equipment	151,370	2,212	25,836	127,746
Transportation	49,337	9,535	49,337	9,535
Total accumulated depreciation	<u>262,049</u>	<u>15,684</u>	<u>120,416</u>	<u>157,317</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 45,891</u>	<u>\$ 63,791</u>	<u>\$ -</u>	<u>\$ 109,682</u>

Governmental Activities

Business Services	\$ 2,212
Operations and Maintenance	3,937
Transportation Services	9,535
Total	<u>\$ 15,684</u>

NOTE 5 PENSION PLANS

Defined Benefit Pension Plan

General Information about the Pension Plan

Plan description. Eligible employees of the SLVBOCES 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.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

- 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 SLVBOCES 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:

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

	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 SLVBOCES is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the SLVBOCES were \$643,087 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 SLVBOCES proportion of the net pension liability was based on the SLVBOCES 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 SLVBOCES reported a liability of \$8,394,460 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 SLVBOCES 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 SLVBOCES were as follows:

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

SLVBOCES proportionate share of net pension liability	\$ 8,394,460
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with SLVBOCES	<u>184,066</u>
Total	<u><u>\$ 8,578,526</u></u>

At December 31, 2023, the SLVBOCES proportion was 0.047%, which was an increase of 0.013% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the SLVBOCES recognized pension expense of \$362,249 and revenue of \$14,024 for support from the State as a nonemployer contributing entity. At June 30, 2024, the SLVBOCES 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	\$ 398,056	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	601,752	-
Changes in proportion and difference between contributions recognized and proportionate share of contributions	1,364,994	209,813
Contributions subsequent to the measurement date	<u>330,224</u>	<u>-</u>
Total	<u><u>\$ 2,695,026</u></u>	<u><u>\$ 209,813</u></u>

\$330,224 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:

<u>Year ended June 30,</u>	
2025	\$ 585,531
2026	981,892
2027	755,352
2028	(167,785)
2029	-
Thereafter	-

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
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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 and DPS benefit structure (compounded annually)	1.00%
PERA Benefit Structure hired after 12/31/06 ¹	Financed by the AIR

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

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

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

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

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

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.

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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 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 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

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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	<u>\$ 11,224,789</u>	<u>\$ 8,394,460</u>	<u>\$ 6,034,308</u>

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.

Defined Contribution Plan

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which

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includes additional information on the PERAPlus 401(k) Plan. The report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions. For the year ended 2023, program members contributed \$16,778 for the PERAPlus 401(k) Plan.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

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

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

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

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credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the SLVBOCES is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the SLVBOCES were \$32,186 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 SLVBOCES reported a liability of \$202,692 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 SLVBOCES proportion of the net OPEB liability was based on the SLVBOCES 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 SLVBOCES proportion was 0.028%, which was an increase of 0.002% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024 the SLVBOCES recognized OPEB expense of (\$45,906). At June 30, 2024, SLVBOCES 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	\$ -	\$ 41,544
Changes of assumptions or other inputs	2,384	21,492
Net difference between projected and actual earnings on OPEB plan investments	6,269	-
Changes in proportion and difference between contributions recognized and proportionate share of contributions	37,905	22,246
Contributions subsequent to the measurement date	16,527	-
Total	<u>\$ 63,085</u>	<u>\$ 85,282</u>

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\$16,527 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:

<u>Year ended June 30,</u>	
2025	\$ (30,112)
2026	(11,854)
2027	1,665
2028	(1,284)
2029	1,829
Thereafter	1,034

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	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.

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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%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,692	\$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

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,469	\$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.

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The PERA benefit structure health care cost trend rates 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.

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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%.

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Sensitivity of the SLVBOCES 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 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	\$ 196,875	\$ 202,692	\$ 209,020

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.

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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	<u>\$ 239,405</u>	<u>\$ 202,692</u>	<u>\$ 171,285</u>

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 7 INTERGOVERNMENTAL AGREEMENTS

Not reflected in the accompanying financial statements are the various Districts' participation in the San Luis Valley Board of Cooperative Educational Services (SLVBOCES). The SLVBOCES is an organization that provides member districts educational services at a shared lower cost per district. The districts have one member on the board, and the board has full authority for all budgeting and financing of the SLVBOCES.

The SLVBOCES is not a component unit of the participating districts as the oversight responsibility is minimal, there is no financial interdependency, the districts do not have the ability to significantly influence the operations of the SLVBOCES and the districts are not accountable for fiscal matters of the SLVBOCES.

NOTE 8 TAX, SPENDING AND DEBT LIMITATIONS

The SLVBOCES has determined that it is not subject to Amendment 1, commonly known as the Taxpayers Bill of Rights (TABOR) based on the following:

1. A Cooperative is not independently subject to the spending and revenue limits imposed by Amendment 1. Cooperative revenues and spending may therefore fluctuate independent of the restrictions imposed by the Amendment. However, contributions by member Cooperatives and by the state will be subject to the spending limits imposed by the Amendment at the time the transfer is made to the Cooperative account.
2. A Cooperative may enter into multiple-year financial obligations, as those obligations are defined in Amendment 1, only to the extent and in the manner to which its member school Cooperative are permitted under Amendment 1 to enter into such financial obligations.
3. The Cooperative need not maintain an emergency reserve as required by Amendment 1 for local government entities.

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4. The Cooperative is not a local government under Amendment 1 because its activities and authority are not confined to a specific geographical area within the state, it addresses matters of statewide concern, and it was created by a statewide vote of the electorate. The board is decidedly not a private entity. Nor is it as presently constituted an "enterprise" under Amendment 1. While the board is not an "agency" of the state, the Cooperative concludes that the best reading of Amendment 1 is to exclude from state fiscal year spending limits only those entities that are nongovernmental, and the board is essentially governmental in nature. This interpretation of Amendment 1 is the interpretation that "reasonably restrains most of the growth of government".

NOTE 9 RISK MANAGEMENT

The SLVBOCES is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The SLVBOCES maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Colorado School District Self Insurance Pool

The SLVBOCES belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the SLVBOCES did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the SLVBOCES and only the SLVBOCES share of contributions to the Pool is recorded as Expenditures in the General Fund. The SLVBOCES share in the Pool is not determinable from current information, but is estimated to be less than 1%. The SLVBOCES share, if calculated, would not be material to the Pool's financial information at June 30, 2024.

NOTE 10 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Claims and Judgments – The SLVBOCES participates in a number of federal, state and Cooperative programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the SLVBOCES may be required to reimburse the grantor government. As of June 30, 2024, significant amounts of grant expenditures have not been audited by the grantor but the SLVBOCES believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the individual government fund or the overall financial position of the SLVBOCES.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

Construction

BEST Grant: Building Purchase and Renovation

In May 2024, SLVBOCES was awarded a Building Excellent Schools Today (BEST) grant for \$6,080,152 with a 10.3% match for the purchase of a building to house their Foundations Academy and Transitions program. Initially in FY 2024 SLVBOCES paid \$10,000. Building renovation will begin in FY 2025 and anticipated to be completed in FY 2026.

REQUIRED SUPPLEMENTARY INFORMATION

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

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended June 30, 2024

	BUDGETED AMOUNTS		Actual	Variance with Final Budget Favorable (Unfavorable)
	ORIGINAL	FINAL		
REVENUES				
Local Sources	\$ 1,500,552	\$ 1,545,613	\$ 1,733,312	\$ 187,699
State Sources	3,112,325	4,360,513	3,460,397	(900,116)
Federal Sources	4,118,763	4,225,580	3,717,556	(508,024)
TOTAL REVENUES	8,731,639	10,131,706	8,911,265	(1,220,441)
EXPENDITURES				
Instructional	3,393,116	4,537,506	3,842,998	694,508
Supporting Services:				
Pupil	1,701,425	2,190,616	1,850,700	339,916
Instructional Staff	941,911	1,442,118	1,322,006	120,112
General	-	9,700	30,232	(20,532)
School	127,993	131,283	98,728	32,555
Business	797,140	1,008,377	867,344	141,033
Operation & Maintenance	96,450	133,000	68,054	64,946
Transportation	4,000	86,888	85,069	1,819
Central Support	265,329	250,779	144,546	106,233
Other Support	322,498	335,710	285,708	50,002
Community Service	2,249	2,249	146	2,103
Facilities Acquisition and Construction Services	-	-	10,000	(10,000)
Debt Service	-	-	-	-
TOTAL EXPENDITURES	7,652,111	10,128,225	8,605,531	1,522,695
Revenues Over (Under) Expenditures	1,079,528	3,481	305,734	302,254
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	1,079,528	3,481	305,734	302,254
Fund Balances, Beginning of Year	-	1,110,336	1,110,337	(1)
Fund Balances, End of Year	\$ 1,079,528	\$ 1,113,817	\$ 1,416,071	\$ 302,253

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 SLVBOCES will present information for those years for which information is available.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
SLVBOCES proportion of the net pension liability	0.0474%	0.0347%	0.0364%	0.0424%	0.0409%	0.0460%	0.0536%	0.0557%	0.5784%	0.0583%
SLVBOCES proportionate share of the net pension	\$ 8,394,460	\$ 6,318,087	\$ 4,240,098	\$ 6,407,081	\$ 6,113,191	\$ 8,149,245	\$ 17,344,127	\$ 16,581,096	\$ 8,846,937	\$ 7,905,008
State's proportionate share of the net pension liability (asset) associated with the SLVBOCES	<u>184,066</u>	<u>1,841,154</u>	<u>486,073</u>	<u>-</u>	<u>775,380</u>	<u>1,114,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,578,526</u>	<u>\$ 8,159,241</u>	<u>\$ 4,726,171</u>	<u>\$ 6,407,081</u>	<u>\$ 6,888,571</u>	<u>\$ 9,263,541</u>	<u>\$ 17,344,127</u>	<u>\$ 16,581,096</u>	<u>\$ 8,846,937</u>	<u>\$ 7,905,008</u>
SLVBOCES covered payroll	\$ 3,101,995	\$ 2,670,176	\$ 2,278,320	\$ 2,266,661	\$ 2,403,835	\$ 2,529,910	\$ 2,678,102	\$ 2,425,018	\$ 2,656,275	\$ 2,434,682
SLVBOCES proportionate share of the net pension liability (asset) as a percentage of its covered payroll	271%	237%	186%	283%	254%	322%	648%	684%	333%	325%
Plan fiduciary net position as a percentage of the total pension liability	64.74%	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.13%	59.20%	62.80%

*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 LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF SLVBOCES CONTRIBUTIONS
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 643,087	\$ 609,372	\$ 477,785	\$ 447,623	\$ 444,482	\$ 479,637	\$ 474,110	\$ 445,809	\$ 471,295	\$ 411,120
Contributions in relation to the contractually required contribution	<u>(643,087)</u>	<u>(609,372)</u>	<u>(477,785)</u>	<u>(447,623)</u>	<u>(444,482)</u>	<u>(479,637)</u>	<u>(474,110)</u>	<u>(445,809)</u>	<u>(471,295)</u>	<u>(411,120)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SLVBOCES covered payroll	\$ 3,155,479	\$ 2,990,044	\$ 2,403,388	\$ 2,251,624	\$ 2,293,510	\$ 2,507,194	\$ 2,510,253	\$ 2,425,018	\$ 2,656,275	\$ 2,434,682
Contributions as a percentage of covered payroll	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%	18.89%	18.38%	17.74%	16.89%

See notes to the required supplementary information.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
SLVBOCES proportion of the net pension liability	0.0284%	0.0264%	0.0238%	0.0245%	0.0268%	0.0299%	0.0305%	0.0316%
SLVBOCES proportionate share of the net pension liability (asset)	\$ 202,692	\$ 215,168	\$ 205,137	\$ 232,911	\$ 300,670	\$ 407,005	\$ 396,066	\$ 410,237
SLVBOCES covered payroll	\$ 3,101,995	\$ 2,670,176	\$ 2,278,320	\$ 2,266,661	\$ 2,403,835	\$ 2,529,910	\$ 2,678,102	\$ 2,425,018
SLVBOCES proportionate share of the net pension liability (asset) as a percentage of its covered payroll	7%	8%	9%	10%	13%	16%	15%	17%
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.

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

See notes to the required supplementary information.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF SLVBOCES CONTRIBUTIONS
COLORADO PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 32,186	\$ 30,498	\$ 24,515	\$ 22,967	\$ 23,394	\$ 25,573	\$ 25,605	\$ 24,735	\$ 27,094	\$ 24,834
Contributions in relation to the contractually required contribution	<u>\$ (32,186)</u>	<u>\$ (30,498)</u>	<u>\$ (24,515)</u>	<u>\$ (22,967)</u>	<u>\$ (23,394)</u>	<u>\$ (25,573)</u>	<u>\$ (25,605)</u>	<u>\$ (24,735)</u>	<u>\$ (27,094)</u>	<u>\$ (24,834)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SLVBOCES covered payroll	\$ 3,155,479	\$ 2,990,044	\$ 2,403,388	\$ 2,251,624	\$ 2,293,510	\$ 2,507,194	\$ 2,510,253	\$ 2,425,018	\$ 2,656,275	\$ 2,434,682
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.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

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.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

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.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

- 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.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

- 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

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

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.

SAN LUIS VALLEY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

- 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

SINGLE AUDIT SECTION

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

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number (ALN)</i>	<i>Pass-through Grantor and Number</i>	<i>Pass-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
<i>Special Education Cluster (IDEA)</i>				
U.S. Department of Education Special Education Grants to States	84.027	Colorado Department of Education, 4027	\$ -	\$ 2,081,456
COVID-19 Special Education Grants to States	84.027	Colorado Department of Education, 6027	-	138,497
Special Education Preschool Grants	84.173	Colorado Department of Education, 4173	-	37,789
<i>Total Special Education Cluster (IDEA)</i>			-	2,257,742
<i>Other Programs</i>				
U.S. Department of Education Education for Homeless Children and Youth	84.196	Colorado Department of Education, 5196	-	25,951
COVID-19 Education Stabilization Fund	84.425W	Colorado Department of Education, 8425, 8426	-	108,800
COVID-19 Education Stabilization Fund	84.425U	Colorado Department of Education, 4418, 9418	-	67,510
COVID-19 Education Stabilization Fund	84.425U	Colorado Department of Education, 4429	-	1,042,925
English Language Acquisition State Grants	84.365	Colorado Department of Education, 4365	26,476	26,476
<i>Total Other Programs</i>			26,476	1,271,662
<i>Total Expenditures of Federal Awards</i>			\$ 26,476	\$ 3,529,404

SAN LUIS VALLEY 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 federal funds were passed through to other entities during fiscal year 2023. San Luis Valley Board of Cooperative Educational Services did not elect to use the 10-percent de minimis 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 Luis Valley 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 Luis Valley Board of Cooperative Educational Services, it is not intended to and does not present the financial position or changes in net position of San Luis Valley 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 Luis Valley Board of
Cooperative Educational Services
Alamosa, 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 each major fund of San Luis Valley Board of Cooperative Educational Services (SLVBOCES), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise SLVBOCES' basic financial statements, and have issued our report thereon dated October 22, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SLVBOCES' 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 SLVBOCES' internal control. Accordingly, we do not express an opinion on the effectiveness of SLVBOCES' internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SLVBOCES' 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

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To the Board of Directors
San Luis Valley Board of
Cooperative Educational Services
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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

October 22, 2024

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



Wall,
Smith,
Bateman Inc.

To the Board of Directors
San Luis Valley Board of
Cooperative Educational Services
Alamosa, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Luis Valley Board of Cooperative Educational Services' (SLVBOCES) 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 SLVBOCES' major federal programs for the year ended June 30, 2024. SLVBOCES' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, SLVBOCES' 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SLVBOCES' 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 SLVBOCES' 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 SLVBOCES' 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 SLVBOCES' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and

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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 SLVBOCES' 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 SLVBOCES' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SLVBOCES' 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 SLVBOCES' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

To the Board of Directors
San Luis Valley Board of
Cooperative Educational Services
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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

October 22, 2024

SAN LUIS VALLEY 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? | _____ yes | _____ <u>X</u> no |
| ▪ Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____ yes | _____ <u>X</u> none reported |
| ▪ Noncompliance material to financial statements noted? | _____ yes | _____ <u>X</u> no |

Federal Awards

Internal control over major programs:

- | | | |
|---|-----------|------------------------------|
| ▪ Material weakness(es) identified? | _____ yes | _____ <u>X</u> no |
| ▪ Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____ yes | _____ <u>X</u> 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:

<u>Federal Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
84.027 and 84.173	COVID and NonCovid Special Education Cluster (IDEA)
84.425U and 84.425W	COVID-19 Education Stabilization Fund

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

Auditee qualified as a low-risk auditee? _____ yes _____ X no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

None

CDE COMPLIANCE SECTION



Colorado Department of Education
Auditors Integrity Report
District: 9055 - San Luis Valley 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	1,110,337	8,911,266	8,605,533	1,416,070
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	1,110,337	8,911,266	8,605,533	1,416,070
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