

**BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
BAILEY, COLORADO**

BASIC FINANCIAL STATEMENTS

June 30, 2025

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FINANCIAL SECTION



**PROSPECTIVE
BUSINESS
SOLUTIONS, LLC**
Certified Public Accountants

Auditing, Accounting, and Consulting Services for
Governments and Nonprofit Organizations

Board of Directors
Blue Sky Board of Cooperative Educational Services
Bailey, Colorado

INDEPENDENT AUDITOR'S REPORT

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 Blue Sky Board of Cooperative Educational Services ("The BOCES"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Blue Sky Board of Cooperative Educational Services as of June 30, 2025, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the BOCES, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 BOCES's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the BOCES's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the BOCES' proportionate share, and the schedules of the BOCES' contributions on pages 43-49 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BOCES's basic financial statements. The Auditors Integrity Report listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Auditors Integrity Report is fairly stated in all material respects in relation to the financial statements as a whole.

PB Solutions LLC

Littleton, Colorado
November 12, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2025

The management discussion and analysis of Blue Sky BOCES' (the "BOCES") financial performance provides an overall review of the BOCES' financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the BOCES' financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, and budgetary comparison schedules to broaden their understanding of the BOCES financial performance.

Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

The Blue Sky BOCES came into existence in July 1997. The BOCES was formed primarily to assist member districts to provide educational services to children identified in the Exceptional Children's Education Act by providing oversight of such programs and by distributing available state and federal grant monies. The BOCES provided \$3,185,690 of state and local funded special education services to member districts during the twelve months ended June 30, 2025.

Using the Basic Financial Statements

The basic financial statements consist of the Management Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can first understand the BOCES as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the BOCES' overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the BOCES' operations in more detail. The governmental fund statements tell how general BOCES services were financed in the short term as well as what remains for future spending. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis of the BOCES as a Whole

The BOCES' ending net position was (\$1,734,433 as of June 30, 2025, which represents a decrease of (\$1,285) from the preceding fiscal year. The BOCES has a negative net position as a result of the BOCES reporting their proportionate share of the net pension liability in compliance with GASB 68, as well as their proportionate share of Other Post-Employment Benefits (OPEB) in compliance with GASB 45. Detailed information about the Defined Benefit Pension Plan can be found in Note 5 to the financial statements on pages 16-25 and detailed information regarding OPEB can be found in Note 6 to the financial statements on pages 26-39.

The BOCES' cash position at year end was \$344,025.

Government-Wide Financial Statements

The government-wide statements report information about the BOCES as a whole using accounting methods similar to those used by private businesses. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the BOCES' net position and how it has changed. The change in net position is important because it tells the reader that, for the BOCES as a whole, the financial position of the BOCES has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions and required educational programs.

In the Statement of Net Position and the Statement of Activities, the BOCES has one type of activity:

Governmental Activities – All of the BOCES' programs and services are reported here including instruction, support services, and grant activities.

A summary of the BOCES' Net Position is as follows:

TABLE I - CONDENSED SUMMARY OF NET POSITION

	2025	2024
Assets:		
Current Assets	\$ 794,921	\$ 796,451
Capital Assets - Net	-	-
Deferred Outflows of Resources	890,301	834,048
Capital Assets & Deferred Outflows of Financial Resources	<u>1,685,222</u>	<u>1,630,499</u>
Liabilities:		
Current Liabilities	545,719	633,318
Non-current Liabilities	2,845,710	2,697,119
Deferred Inflows of Resources	28,226	33,210
Total Liabilities & Deferred Inflows of Financial Resources	<u>3,419,655</u>	<u>3,363,647</u>
Net Position:		
Net Invested in Capital Assets	-	-
Unrestricted Net Position	(1,734,433)	(1,733,148)
Total Net Position/(Deficit)	<u>(1,734,433)</u>	<u>(1,733,148)</u>
Total Liabilities, Deferred Outflows and Net Position	<u>\$ 1,685,222</u>	<u>\$ 1,630,499</u>

A summary of the BOCES' activity and changes in net position is as follows:

TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES

	2025	2024
Program Revenues:		
Charges for Services	\$ 858,558	\$ 809,041
Operating Grants	1,922,181	1,805,070
Total Program Revenues	<u>2,780,739</u>	<u>2,614,111</u>
General Revenues:		
Investment Earnings	555	607
Miscellaneous Revenues	11,795	16,205
Total General Revenues	<u>12,350</u>	<u>16,812</u>
Total Revenues	<u>2,793,089</u>	<u>2,630,923</u>
Expenses:		
Instruction	2,688,412	1,719,531
Supporting Services	1,368,169	1,438,375
Total Expenses	<u>4,056,581</u>	<u>3,157,906</u>
Change in Net Position	(1285)	(526,983)
Net Position - Beginning	(1,733,148)	(1,206,165)
Net Position Ending	<u>\$ (1,734,433)</u>	<u>\$ (1,733,148)</u>

Operating grants included funds from both state and federal sources. State and federal grant revenue was \$1,412,005 and \$484,216, respectively.

Reporting the BOCES' Most Significant Fund

The analysis of the BOCES' major funds begins on page 3. Fund financial statements provide detailed information about the BOCES' major funds. The BOCES' only fund is the General Fund.

Governmental Funds. Most of BOCES' activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short - term view of the BOCES' general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds. The BOCES' governmental fund is the General Fund. The General Fund accounts for all of BOCES' instruction and support operations.

Fund Financial Statements

As of June 30, 2025, the BOCES' governmental fund reported a total fund balance of \$249,202. The unassigned fund balance at year end was the result of amounts retained to cover BOCES administrative expenses.

Capital Assets

As of June 30, 2025, the BOCES' capital assets consist of equipment and are fully depreciated. More information can be found in footnote 3 of the financial statements.

Debt Administration

As of June 30, 2025, the BOCES reports long-term debt of \$56,327 from accrued compensated absences.

General Fund Budget

The Board of Directors adopts the BOCES' budget in June of each year. Changes are then made in December when State and Federal allocations are known. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional revenues are received.

The Future of the BOCES

The BOCES does not anticipate any changes in its operations during the next fiscal year. Any changes in operations would be directly attributable to modifications of grant funding.

Requests for information

This financial report is designed to provide a general overview of the BOCES' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, PO Box 1069 Bailey, CO 80421.

Budgetary Highlights

For fiscal year 2025, the Blue Sky BOCES General Fund's final budgeted expenditures totaled \$4,052,456, reflecting an increase from the original budget of \$3,742,182, primarily due to adjustments in instructional support and contingency reserves.

Actual expenditures were \$3,943,267, resulting in savings of \$109,189 compared to the final budget. These savings were largely due to lower-than-expected costs in purchased services and supplies across several departments.

Key functional highlights include:

- Instructional Staff Development and Library Services exceeded the final budget by \$2,023, primarily from higher supply costs.
- General Administration expenditures were significantly over budget by \$50,172, mainly driven by unplanned "Other Objects and Uses" expenses.
- School Administration overspent by \$9,744, attributed to salary and benefit increases.
- Business Services and Operations & Maintenance both came in under budget, with combined savings of approximately \$2,974.
- Central Support slightly exceeded budget by \$1,103.

No contingency funds were used during the year, resulting in a favorable variance of \$248,511 in reserves.

The fund balance improved from the final budget projection of \$0 to an actual ending fund balance of \$249,202, representing a positive change of \$249,202 from the anticipated position. The overall change in fund balance was an increase of \$86,069, compared to a budgeted decrease of \$163,133, producing a net favorable variance of \$249,202.

BASIC FINANCIAL STATEMENTS

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

STATEMENT OF NET POSITION

June 30, 2025

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 344,025
Grants Receivables	224,718
Other Receivables	218,484
Prepaid Expenses	7,694
Capital Assets, Depreciated, Net of Accumulated Depreciation	-
TOTAL ASSETS	<u>794,921</u>
DEFERRED OUTFLOW OF RESOURCES	
Related to Pensions	858,558
Related to OPEB	<u>31,743</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>890,301</u>
LIABILITIES	
Accounts Payable	213,584
Accrued Salaries and Benefits	251,418
Unearned Revenues	80,717
Noncurrent Liabilities	
Compensated Absences	56,327
Net Pension Liability	2,740,754
Net OPEB Liability	<u>48,629</u>
TOTAL LIABILITIES	<u>3,391,429</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	1,659
Related to OPEB	<u>26,567</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>28,226</u>
NET POSITION	
Unrestricted	<u>(1,734,433)</u>
TOTAL NET POSITION	<u>\$ (1,734,433)</u>

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

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT				
Governmental Activities				
Instruction	\$ 2,688,412	\$ -	\$ 759,743	\$ (1,928,669)
Supporting Services	<u>1,368,169</u>	<u>2,120,765</u>	<u>1,162,438</u>	<u>1,915,034</u>
Total Governmental Activities	<u>4,056,581</u>	<u>2,120,765</u>	<u>1,922,181</u>	<u>(13,635)</u>
GENERAL REVENUES				
				11,795
				<u>555</u>
				<u>12,350</u>
				(1,285)
				<u>(1,733,148)</u>
				<u>\$ (1,734,433)</u>

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

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	<u>GENERAL FUND</u>
ASSETS	
Cash and Investments	\$ 344,025
Grants Receivables	224,718
Other Receivables	218,484
Prepaid Expenses	7,694
TOTAL ASSETS	<u>\$ 794,921</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 213,584
Accrued Salaries and Benefits	251,418
Unearned Revenues	80,717
TOTAL LIABILITIES	<u>545,719</u>
FUND BALANCES	
Nonspendable	7,694
Unassigned	241,508
TOTAL FUND BALANCES	<u>249,202</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 794,921</u>

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

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2025

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

Total fund balances of governmental funds			\$ 249,202
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.			
	Compensated Absences	(56,327)	
	Net Pension Liability	(2,740,754)	
	Net OPEB Liability	<u>(48,629)</u>	(2,845,710)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
	Deferred outflows of resources - Related to Pensions	858,558	
	Deferred outflows of resources - Related to OPEB	31,743	
	Deferred inflows of resources - Related to Pensions	(1,659)	
	Deferred inflows of resources - Related to OPEB	<u>(26,567)</u>	<u>862,075</u>
Net position of governmental activities			<u>\$ (1,734,433)</u>

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

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2025

	GENERAL FUND
REVENUES	
Local Sources	\$ 2,133,115
State Sources	1,412,005
Federal Sources	484,216
	<hr/>
TOTAL REVENUES	4,029,336
	<hr/>
EXPENDITURES	
Current	
Instruction	2,628,731
Supporting Services	1,314,536
	<hr/>
TOTAL EXPENDITURES	3,943,267
	<hr/>
NET CHANGE IN FUND BALANCE	86,069
	<hr/>
FUND BALANCES, Beginning	163,133
	<hr/>
FUND BALANCES, Ending	\$ 249,202
	<hr/> <hr/>

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

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

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

Net change in fund balances - total governmental funds		\$	86,069
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.			
	Changes in Compensated Absences		12,297
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.			
	Deferred charges related to Pension Plan	(114,467)	
	Deferred charges related to OPEB	14,816	(99,651)
Change in net position of governmental activities			<u>\$ (1,285)</u>

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

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Blue Sky Board of Cooperative Educational Services (“The BOCES”) conform to generally accepted accounting principles as applicable to governmental units. The BOCES is governed by an elected board of five members. Following is a summary of the more significant policies:

During the year ended June 30, 2024, the BOCES changed its name from Mt. Evans Board of Cooperative Educational Services to Blue Sky Board of Cooperative Educational Services.

Reporting Entity

The financial reporting entity consists of the BOCES and organizations for which the BOCES is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the BOCES. In addition, any legally separate organizations for which the BOCES is financially accountable are considered part of the reporting entity. Financial accountability exists if the BOCES appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the BOCES.

Based upon the application of these criteria, no additional organizations are includable within the BOCES’s reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and the statement of activities) report information on all of the nonfiduciary activities of the BOCES. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the BOCES is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) fees and charges paid by recipients of goods or services offered by the programs and 2) Assessments that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues are reported instead as *general revenues*.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the BOCES considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the BOCES's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the BOCES reports the following major governmental fund:

The *General Fund* is the BOCES's primary operating fund. It accounts for all financial resources of the BOCES.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments – The BOCES considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

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

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

Property and equipment of the BOCES is depreciated using the straight-line method over the following estimated useful lives.

Equipment	5 years
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Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure. At June 30, 2025, the BOCES reports unearned grant revenues in the General Fund.

Accrued Salaries and Benefits – Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during the school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2025, are reported as a liability in the General Fund.

Vacation, Sick Leave, and Other Compensated Absences – BOCES employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. Upon termination of employment, employees are entitled to receive compensation for up to twenty-five accrued but not used leave days the employees 5-year average daily rate. These compensated absences are when paid in the governmental fund types. As of June 30, 2025, a long-term liability in the amount of \$56,327 has been recorded in the government-wide financial statements for the accrued compensated absences.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows and Deferred Inflows of Resources – In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position and fund balance 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 balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position– The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While BOCES management may have categorized and segmented portions for various purposes, the BOCES Board has the unrestricted right to revisit or alter these managerial decisions.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The BOCES reports prepaid expenses as nonspendable fund balances at June 30, 2025.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The BOCES does not report any restricted fund balances.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The BOCES does not report any committed fund balances.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The BOCES does not report any assigned fund balances.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

The BOCES would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned fund balance.

Risk Management

The BOCES belongs to the Colorado School District Self Insurance Pool (“CSDSIP”). CSDSIP was formed in 1981 to give individual school districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function. The coverage provided by CSDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. CSDSIP became self-administered in 1997.

The board of directors is comprised of nine people who are district school board members, superintendents, or district business officials. Each member’s premium contribution is determined by CSDSIP based on factors, including, but not limited to, the aggregate CSDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income, and reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuarial study is conducted annually. These reports may be obtained by contacting the CSDSIP administrative offices at 6857 South Spruce Street, Centennial, CO 80112. The BOCES has not materially changed its coverage from previous years. The BOCES has not recorded any liability for unpaid claims at June 30, 2025.

CSDSIP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds are amounts recoverable from excess insurance are direct liabilities of the participating members

The ultimate liability to the BOCES resulting from claims not covered by the pool is not recently determinable. Management is of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the BOCES financial statements.

The BOCES carries commercial insurance for all other risks of loss, including errors and omissions and property. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The BOCES has evaluated events subsequent to the year ended June 30, 2025, through November 12, 2025, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2025, consist of the following:

Deposits	\$ 332,083
Investments	<u>11,942</u>
Total	<u>\$ 344,025</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2025, State regulatory commissioners have indicated that all financial institutions holding deposits for the BOCES are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The BOCES has no policy regarding custodial credit risk for deposits.

At June 30, 2025, the BOCES had deposits with financial institutions with a carrying amount of \$332,083. The bank balances with the financial institutions were \$363,749. Of these balances, \$250,000 was covered by federal depository insurance and \$113,749 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 2: **CASH AND INVESTMENTS** (Continued)

Investments

Interest Rate Risk

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

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

Local Government Investment Pools

The BOCES invested \$11,942 in the Colorado Government Liquid Asset Trust (ColoTrust). ColoTrust is an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. The Trust operates similar to a money market fund and each share is equal in value to \$1.00 (net asset value). ColoTrust is an external investment pool that records its investments at fair value. The Network records its investment in ColoTrust using the net asset value method. ColoTrust is rated AAAM by Standard and Poor's. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 3: CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2025, is summarized below:

	Balance 6/30/2024	Additions	Deletions	Balance 6/30/2025
Governmental Activities				
Capital Asset, Being Depreciated				
Machinery and Equipment	9,505	-	-	9,505
Total Capital Assets, Being Depreciated	9,505	-	-	9,505
Accumulated Depreciation				
Machinery and Equipment	9,505	-	-	9,505
Total Depreciation	9,505	-	-	9,505
Net Capital Assets	\$ -	\$ -	\$ -	\$ -

NOTE 4: LONG-TERM DEBT

The following is a summary of the BOCES' long-term debt transactions for the year ended June 30, 2025:

	Balance 7/1/2024	Additions	Payments	Balance 6/30/2025	Due In One Year
Accrued Compensated Absences	\$ 68,624	\$ -	\$ 12,297	\$ 56,327	\$ -

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 5: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

Benefits provided as of December 31, 2024. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times the service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% 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, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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, 2025: Eligible employees of the BOCES and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2024 through June 30, 2025. Employer contribution requirements are summarized in the following table:

	July 1, 2024 Through June 30, 2025
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 BOCES is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the BOCES were \$281,839 for the year ended June 30, 2025.

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.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

For 2024, 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.

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, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024. The BOCES' proportion of the net pension liability was based on the BOCES's contributions to the SCHDTF for the calendar year 2024 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2025, the BOCES reported a liability of \$2,740,754 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 BOCES as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the BOCES were as follows:

BOCES' proportionate share of the net pension liability	\$2,740,754
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the BOCES	246,163
Total	\$2,986,917

At December 31, 2024, the BOCES' proportion was 0.016%, which was an increase of 0.001% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the BOCES recognized pension expense of \$444,734 and revenue of \$22,467 for support from the State as a nonemployer contributing entity. At June 30, 2025, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$155,205	\$-
Changes of assumptions or other inputs	20,548	-
Net difference between projected and actual earnings on pension plan investments	51,710	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	490,394	1,659
Contributions subsequent to the measurement date	140,701	N/A
Total	\$858,558	\$1,659

\$140,701 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2026	\$375,655
2027	423,941
2028	(\$46,519)
2029	(\$36,879)
2030	-
Thereafter	-

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial assumptions

The December 31, 2023, actuarial valuation used the following actuarial cost method and key 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.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	99% of the rates for all ages

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial assumptions (Continued)

The actuarial assumptions used in the December 31, 2023, 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.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation:	4.00%-13.40%
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Salary scale assumptions were altered to better reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial assumptions (Continued)

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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:

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial assumptions (Continued)

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

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

Discount rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate (Continued)

- 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.

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 BOCES' proportionate share of the net pension liability to changes in the discount rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 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 pension	\$3,715,827	\$2,740,754	\$1,923,994

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

Subsequent Events

SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million (actual dollars) on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

General Information about the OPEB Plan (Continued)

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

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

PERA Benefit Structure

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

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

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

General Information about the OPEB Plan (Continued)

DPS Benefit Structure

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

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

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 BOCES is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the BOCES were \$14,106 for the year ended June 30, 2025.

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

At June 30, 2025, the BOCES reported a liability of \$48,629 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The BOCES' proportion of the net OPEB liability was based on the BOCES' contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

At December 31, 2024, the BOCES' proportion was 0.010%, which was an increase of 0.001% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the BOCES recognized OPEB expense of (\$710). At June 30, 2025, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$-	\$10,727
Changes of assumptions or other inputs	558	15,544
Net difference between projected and actual earnings on OPEB plan investments	165	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	23,978	296
Contributions subsequent to the measurement date	7,042	N/A
Total	\$31,743	\$26,567

\$7,042 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

Year ended June 30,	
2026	(\$1,714)
2027	\$1,614
2028	(\$987)
2029	(\$453)
2030	(\$152)
Thereafter	(\$174)

Actuarial assumptions

The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

	School Division
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	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2033

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (Continued)

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, costs are based on 2024 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 were then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (Continued)

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	\$1,710	\$1,420	\$585	\$486	\$1,897	\$1,575
70	\$1,921	\$1,589	\$657	\$544	\$2,130	\$1,763
75	\$2,122	\$1,670	\$726	\$571	\$2,353	\$1,853

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	\$6,536	\$5,429	\$4,241	\$3,523	\$7,063	\$5,866
70	\$7,341	\$6,073	\$4,764	\$3,941	\$7,933	\$6,563
75	\$8,110	\$6,385	\$5,262	\$4,143	\$8,763	\$6,900

The 2024 Medicare Part A premium is \$505 per month.

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

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.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (Continued)

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. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

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

Year	PERACare Medicare Plans¹	MAPD PPO #21	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

¹ Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (Continued)

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
School Division	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
School Division	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members	PubNS-2010 Disabled Retiree	99% of the rates for all ages

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (Continued)

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, 2023, 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 were updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, 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.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

	School Division
Salary increases, including wage inflation:	
Members other than Safety Officers	4.00%-13.40%
Safety Officers	N/A

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (Continued)

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

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	\$1,824	\$6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (Continued)

Pre-Retirement	Mortality Table	Adjustments, as Applicable
School Division	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
School Division	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (Continued)

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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

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

Sensitivity of the BOCES' proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates

The following table 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:

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Sensitivity of the BOCES' proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates (Continued)

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate ¹	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate ¹	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$47,319	\$48,629	\$50,111

¹For the January 1, 2025, plan year.

Discount rate

The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). 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, 2024, 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Discount rate (Continued)

- 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.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Based on the above assumptions and methods, the FNP for the HCTF was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination did 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 BOCES' proportionate share of the net OPEB liability to changes in the discount rate

The following table 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	\$59,595	\$48,629	\$39,174

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/forms-resources/financial-reports-and-studies.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 7: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The BOCES participates in a number of federal and state 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 BOCES may be required to reimburse the grantor government. As of June 30, 2025, significant amounts of grant expenditures have not been audited but the BOCES believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the BOCES.

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Tabor Amendment is complex and subject to judicial interpretations. However, several legal opinions have been issued stating that a BOCES itself is not subject to the requirements and restrictions of the Tabor Amendment.

There have been several recent court cases with organizations similar to the BOCES, in which the court has found that these organizations are not subject to the Tabor Amendment, since they are not a municipality and do not exercise independent government power. However, in virtually all situations, BOCERS will be impacted to the degree that its member districts are impacted by the restrictions of the Tabor Amendment A BOCES does not need to maintain emergency reserves required by the Tabor Amendment, and expenditures can fluctuate independently of the Tabor Amendment.

NOTE 8: DEFICIT NET POSITION

At June 30, 2025, the governmental activities report a deficit net position balance of \$1,734,433. This deficit is primarily due to the BOCES including the Net Pension and Net OPEB liabilities as required by Governmental Accounting Standards Board (GASB) Statements Nos. 68 and 75.

REQUIRED SUPPLEMENTARY INFORMATION

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES					
Local Sources					
Assessments	\$ 1,832,219	\$ 2,123,612	\$ 2,120,765	\$ (2,847)	\$ 809,041
Earnings on Investments	400	400	555	155	607
All Other Local Revenue Codes	17,000	22,000	11,795	(10,205)	16,205
Total Local Sources	<u>1,849,619</u>	<u>2,146,012</u>	<u>2,133,115</u>	<u>(12,897)</u>	<u>825,853</u>
State Sources					
ECEA	838,656	838,656	1,081,505	242,849	1,033,340
SWAP	180,906	180,906	163,790	(17,116)	182,944
State Educational Priorities	94,194	102,763	79,322	(23,441)	75,783
Gifted and Talented	89,065	81,951	82,031	80	83,934
PERA-On Behalf Contribution	40,000	40,000	-	(40,000)	-
All Other State Revenue	8,000	5,357	5,357	-	5,639
Total State Sources	<u>1,250,821</u>	<u>1,249,633</u>	<u>1,412,005</u>	<u>162,372</u>	<u>1,381,640</u>
Federal Sources					
IDEA	493,678	493,678	484,216	(9,462)	404,082
ESSER III	-	-	-	-	14,080
Total Federal Sources	<u>493,678</u>	<u>493,678</u>	<u>484,216</u>	<u>(9,462)</u>	<u>418,162</u>
TOTAL REVENUES	<u>3,594,118</u>	<u>3,889,323</u>	<u>4,029,336</u>	<u>140,013</u>	<u>2,625,655</u>
EXPENDITURES					
Instruction					
Salaries	765,332	757,302	826,453	(69,151)	555,375
Employee Benefits	281,591	240,739	240,000	739	170,485
Purchased Services	1,398,150	1,527,017	1,560,816	(33,799)	791,276
Supplies and Materials	11,500	11,500	1,462	10,038	24,034
Total Instruction	<u>2,456,573</u>	<u>2,536,558</u>	<u>2,628,731</u>	<u>(92,173)</u>	<u>1,541,170</u>
Supporting Services					
Guidance and Nursing					
Salaries	402,953	525,453	452,472	72,981	309,040
Employee Benefits	153,183	180,784	133,820	46,964	110,623
Purchased Services	321,725	219,400	328,140	(108,740)	425,643
Supplies and Materials	5,300	4,300	2,448	1,852	1,461
Other Objects and Uses	-	-	138	(138)	-
Total Students	<u>883,161</u>	<u>929,937</u>	<u>917,018</u>	<u>12,919</u>	<u>846,767</u>

(Continued)

See the accompanying independent auditor's report.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
EXPENDITURES (Continued)					
Staff Development/Library					
Salaries	128,710	126,560	127,480	(920)	188,160
Employee Benefits	37,005	36,512	36,820	(308)	53,461
Purchased Services	25,810	29,750	14,429	15,321	18,667
Supplies and Materials	22,700	26,769	41,607	(14,838)	27,165
Property	2,000	2,000	2,192	(192)	666
Other Objects and Uses	2,100	2,100	3,186	(1,086)	2,070
Total Instructional Staff	<u>218,325</u>	<u>223,691</u>	<u>225,714</u>	<u>(2,023)</u>	<u>290,189</u>
General Administration					
Purchased Services	12,000	12,000	14,551	(2,551)	11,267
Other Objects and Uses	-	-	47,621	(47,621)	127,504
Total General Administration	<u>12,000</u>	<u>12,000</u>	<u>62,172</u>	<u>(50,172)</u>	<u>138,771</u>
School Administration					
Salaries	33,948	36,000	43,985	(7,985)	32,616
Employee Benefits	11,209	15,983	17,742	(1,759)	7,563
Total School Administration	<u>45,157</u>	<u>51,983</u>	<u>61,727</u>	<u>(9,744)</u>	<u>40,179</u>
Business Administration					
Purchased Services	32,080	22,080	22,106	(26)	20,040
Supplies and Materials	3,000	3,000	-	3,000	-
Total Business Services	<u>35,080</u>	<u>25,080</u>	<u>22,106</u>	<u>2,974</u>	<u>20,040</u>
Operations and Maintenance					
Purchased Services	6,000	6,000	6,000	-	6,000
Total Operations and Maintenance	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Central Support					
Purchased Services	15,875	18,696	19,799	(1,103)	8,218
Total Central Support	<u>15,875</u>	<u>18,696</u>	<u>19,799</u>	<u>(1,103)</u>	<u>8,218</u>

(Continued)

See the accompanying independent auditor's report.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
Total Supporting Services	<u>1,215,598</u>	<u>1,267,387</u>	<u>1,314,536</u>	<u>(47,149)</u>	<u>1,350,164</u>
RESERVES					
Contingency	<u>70,011</u>	<u>248,511</u>	<u>-</u>	<u>248,511</u>	<u>-</u>
TOTAL EXPENDITURES	<u>3,742,182</u>	<u>4,052,456</u>	<u>3,943,267</u>	<u>109,189</u>	<u>2,891,334</u>
CHANGE IN FUND BALANCE	(148,064)	(163,133)	86,069	249,202	(265,679)
FUND BALANCES, Beginning	<u>148,064</u>	<u>163,133</u>	<u>163,133</u>	<u>-</u>	<u>428,812</u>
FUND BALANCES, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,202</u>	<u>\$ 249,202</u>	<u>\$ 163,133</u>

See the accompanying independent auditor's report.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
 SCHEDULE OF THE BOCES PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PERA SCHOOL DIVISION TRUST FUND PLAN

	Years Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the Net Pension Liability (Asset)	0.0159%	0.0145%	0.0108%	0.0109%	0.0113%	0.0101%	0.0108%	0.0132%	0.1287%	0.0125%
Proportionate Share of the Net Pension Liability (Asset)	\$2,740,754	\$2,566,582	\$1,970,055	\$1,269,523	\$1,701,263	\$1,510,614	\$1,910,547	\$4,267,046	\$3,832,644	\$1,905,017
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	246,163	56,278	444,548	130,567	-	170,035	229,817	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	\$2,986,917	\$2,622,860	\$2,414,603	\$1,400,090	\$1,701,263	\$1,680,649	\$2,140,364	\$4,267,046	\$3,832,644	\$1,905,017
Covered payroll	\$1,227,424	\$958,358	\$867,743	\$681,781	\$609,603	\$590,377	\$593,173	\$608,706	\$577,738	\$542,816
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	223.3%	267.8%	227.0%	186.2%	279.1%	255.9%	360.8%	701.0%	663.4%	351.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.17%	64.74%	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%

See the accompanying independent auditor's report.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

SCHEDULE OF THE BOCES CONTRIBUTIONS
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contributions	\$ 281,839	\$ 216,908	\$ 167,995	\$ 135,538	\$ 118,141	\$ 114,415	\$ 113,474	\$ 113,402	\$ 104,744	\$ 94,070
Contributions in Relation to the Contractually Required Contributions	281,839	216,908	167,995	135,538	118,141	114,415	113,474	113,402	104,744	94,070
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,382,911	\$ 1,064,319	\$ 867,743	\$ 681,781	\$ 609,603	\$ 590,377	\$ 593,173	\$ 608,706	\$ 577,738	\$ 542,816
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	19.36%	19.88%	19.38%	19.38%	19.13%	18.63%	18.13%	17.33%

See the accompanying independent auditor's report.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

SCHEDULE OF THE BOCES PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PERA HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.0102%	0.0087%	0.0082%	0.0071%	0.0065%	0.0066%	0.0701%	0.0075%	0.0073%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 48,629	\$ 61,913	\$ 67,173	\$ 61,420	\$ 61,872	\$ 74,280	\$ 95,420	\$ 97,441	\$ 94,866
Covered payroll	\$ 1,227,424	\$ 958,358	\$ 867,743	\$ 681,781	\$ 609,603	\$ 590,377	\$ 593,173	\$ 608,706	\$ 577,738
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	4.0%	6.5%	7.7%	9.0%	10.1%	12.6%	16.1%	16.0%	16.4%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	58.83%	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

NOTE: Information for the prior one year was not available for this report.

See the accompanying independent auditor's report.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

SCHEDULE OF THE BOCES CONTRIBUTIONS
PERA HEALTH CARE TRUST FUND PLAN

Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 14,106	\$ 10,856	\$ 8,851	\$ 6,954	\$ 6,218	\$ 6,022	\$ 6,050	\$ 6,209	\$ 5,893
Contributions in Relation to the Contractually Required Contributions	14,106	10,856	8,851	6,954	6,218	6,022	6,050	6,209	5,893
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,382,911	\$ 1,064,319	\$ 867,743	\$ 681,781	\$ 609,603	\$ 590,377	\$ 593,173	\$ 608,706	\$ 577,738
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%

NOTE: Information for the prior one year was not available for this report.

See the accompanying independent auditor's report.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2025

NOTE 1: BUDGETS AND BUDGETARY ACCOUNTING

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles. The BOCES adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. By May 31, the Executive Director submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Directors.

NOTE 2: SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA SCHOOL DIVISION TRUST FUND PLAN

2024 Changes in Assumptions or Other Inputs Since 2023:

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

BLUE SKY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2025

NOTE 2: SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA SCHOOL DIVISION TRUST FUND PLAN (Continued)

2023 Changes in Plan Provisions Since 2022:

- 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.

NOTE 3: SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA HEALTH CARE TRUST FUND PLAN

2024 Changes in Plan Provisions Since 2023:

- As of the December 31, 2024, measurement date, the FNP and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

NOTE 3: **SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA HEALTH CARE TRUST FUND PLAN** (Continued)

2023 Changes in Plan Provisions Since 2022:

- 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 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.

NOTE 4: **SIGNIFICANT CHANGES IN PLAN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA HEALTH CARE TRUST FUND PLAN**

2024 Changes in Assumptions or Other Inputs Since 2023:

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

There were no changes made to the actuarial methods or assumptions in 2023.

AUDITORS INTEGRITY REPORT



Colorado Department of Education
Auditors Integrity Report
 District: 9140 - Blue Sky BOCES
 Fiscal Year 2024-25
 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	163,133	4,029,336	3,943,266	249,202
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	163,133	4,029,336	3,943,266	249,202
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