

**NORTHWEST COLORADO BOARD OF  
COOPERATIVE EDUCATIONAL SERVICES**

**STEAMBOAT SPRINGS, COLORADO**

**FINANCIAL STATEMENTS  
AND THE INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2025**

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

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## INDEPENDENT AUDITOR'S REPORT

Northwest Colorado Board of Cooperative Educational Services  
Steamboat Springs, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Northwest Colorado 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 basic financial statements of the Northwest Colorado Board of Cooperative Educational Services, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the BOCES 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 of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

### Change in Accounting Principle

As discussed in Note 10 to the financial statements, in 2024, the BOCES adopted new accounting guidance, GASBS No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary 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 auditor's integrity report listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*DMC Auditing and Consulting, LLC*

November 17, 2025  
Bailey, Colorado

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

The discussion and analysis of the Northwest Colorado Board of Cooperative Educational Services (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.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### **Financial Highlights**

The BOCES had a net position of \$(2,199,771) as of June 30, 2025 mostly due to the impact of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*. Under this accounting method the BOCES accrues a "Net Pension Liability" (NPL) related to its participation in Colorado PERA, a multiple-employer cost-sharing retirement plan that is underfunded. The NPL is unlike other liabilities reported on the Statement of Net Position, in that it is not due to be paid at a certain time nor can it be paid off under any accelerated schedule. Employer and employee contribution rates to PERA are not directly impacted by GASB's new reporting requirements. Employer contributions are set by the Colorado legislature through statutes that govern PERA.

For 2024-2025, the BOCES' net position increased \$485,134 over the prior fiscal year, primarily due to the NPL related to Colorado PERA.

The BOCES maintained a fund balance in the General Fund of \$963,976, a modest increase of \$42,064 over the prior fiscal year. This increase is largely a result of higher than expected enrollment in the Alternative Licensure program producing unanticipated revenue. The Designated Purpose Grants Fund has a fund balance of \$121,750, which the BOCES is making plans to expend in FY26 since these are funds designated for special education services.

Federal and State grant revenues accounted for 83% of the total governmental fund revenue for the year ending June 30, 2025. Local assessments were the next largest revenue source accounting for 16% of total revenues. These ratios are a shift from previous years as a result of the Steamboat Springs School District becoming its own Administrative Unit. As demonstrated, local revenues provide a greater proportion of overall revenues than they did previously. Instruction costs represented 31% of total governmental fund expenditures and other pupil support services (student and instructional staff support) accounts for approximately 51%. The remainder of about 18% of total governmental fund expenditures is for business services. The combined proportion of 82% of expenditures covering instruction and support services is about 6% less than was reported in the FY24 audit. This difference is attributed to the removal of state ECEA flow-through funding to Steamboat Springs School District as those funds were predominately in student and instructional staff support categories.

## **Using the Basic Financial Statements**

The basic financial statements consist of the Management's 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**

At the end of the current fiscal year, the liabilities and deferred inflows of the BOCES exceeded the assets and deferred outflows by \$2,199,771 compared to \$2,631,009 for the previous fiscal year, an increase of \$485,134 in total net position mostly due to the ongoing impact of GASB Statement No. 68. This is a moderate improvement in the BOCES net position.

## **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 assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 whether 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.

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

Governmental Activities - The majority of the BOCES' programs and services are reported here including general operations support services, instruction and support of consortia programs, and instruction and support of special education programs.

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

|                                     | Governmental Activities |                    |
|-------------------------------------|-------------------------|--------------------|
|                                     | 2025                    | 2024               |
| <b>ASSETS AND DEFERRED OUTFLOWS</b> |                         |                    |
| Current and Other Assets            | \$ 1,853,422            | \$ 1,844,865       |
| Capital Assets, net of depreciation | 21,325                  | 37,903             |
| Total Assets                        | <u>1,874,747</u>        | <u>1,882,768</u>   |
| Deferred Outflows of Resources      | 616,906                 | 993,784            |
| Total Assets and Deferred Outflows  | <u>2,491,653</u>        | <u>2,876,552</u>   |
| <b>LIABILITIES</b>                  |                         |                    |
| Current Liabilities                 | 767,696                 | 824,527            |
| Noncurrent Liabilities              | 3,331,214               | 4,104,181          |
| Total Liabilities                   | <u>4,098,910</u>        | <u>4,928,708</u>   |
| Deferred Inflows of Resources       | <u>592,514</u>          | <u>578,853</u>     |
| <b>NET POSITION</b>                 |                         |                    |
| Net Investment in Capital Assets    | 21,325                  | 37,903             |
| Restricted for Special Education    | 121,750                 | 457,005            |
| Unrestricted                        | <u>(2,342,846)</u>      | <u>(2,767,338)</u> |
| Total Net Position                  | <u>(2,199,771)</u>      | <u>(2,631,009)</u> |

A condensed Statement of Activities is as follows:

|                                    | Governmental Activities |                    |
|------------------------------------|-------------------------|--------------------|
|                                    | 2025                    | 2024               |
| <b>REVENUES</b>                    |                         |                    |
| Program Revenues                   |                         |                    |
| Charges for Services               | \$ 426,969              | \$ 391,173         |
| Operating Grants and Contributions | 2,273,463               | 3,977,008          |
| Total Program Revenues             | <u>2,700,432</u>        | <u>4,368,181</u>   |
| General Revenues                   |                         |                    |
| Gain on Asset Disposal             |                         | 14,615             |
| Other                              |                         |                    |
| Investment Earnings                | 33,136                  | 17,264             |
| Total Revenues                     | <u>2,733,568</u>        | <u>4,400,060</u>   |
| <b>EXPENDITURES</b>                |                         |                    |
| Instruction                        | 693,729                 | 1,959,955          |
| Supporting Services                | 1,554,705               | 1,897,626          |
| Total Expenditures                 | <u>2,248,434</u>        | <u>3,857,581</u>   |
| CHANGE IN NET POSITION             | <u>485,134</u>          | <u>542,479</u>     |
| NET POSITION, Beginning            | (2,631,009)             | (3,173,488)        |
| Change in Accounting Principle     | <u>(53,896)</u>         | <u></u>            |
| NET POSITION, Ending               | <u>(2,199,771)</u>      | <u>(2,631,009)</u> |

## **Reporting the BOCES' Most Significant Funds**

The analysis of the BOCES' major funds begins on page 6. Fund financial reports provide detailed information about the BOCES' major funds. The BOCES' funds are the General and Designated Purpose Grants funds. Both of the funds are considered major.

**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. Governmental fund information helps 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 Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds. The BOCES' governmental funds are the General and Designated Purpose Grants funds. The General Fund accounts for all of BOCES' administrative operations while the Grants Fund accounts for program related activities.

## **Fund Financial Statements**

As of June 30, 2025, the BOCES' governmental funds reported fund balance in the General Fund of \$963,976, which is an increase of \$42,064 from the June 30, 2024 balance. General fund revenue increased by \$57,115. Total revenues decreased by \$1,666,492 due to the loss of state and federal special education revenue with the departure of Steamboat Springs School District.

## **Capital Assets**

As of June 30, 2025, the BOCES had \$21,325 invested in vehicles. This amount represents a decrease of \$16,578 from the prior fiscal year due to depreciation. See Note 3 to the financial statements for more information.

## **Debt Administration**

As of June 30, 2025, the BOCES' total long-term obligation of \$60,979 and restatement of prior year balance of \$53,896 (as of June 30, 2024) is for accrued vacation benefits per Board policy GBGG and the new GASB 101 accounting principle related to compensated absences.

## **Budget Process**

The Board of Directors adopts the BOCES' original budget in June of each year. Changes are made on an ongoing basis, for example when grant allocations are announced and staff changes are made for the new school year. A revised budget is adopted in January to incorporate changes made prior to that time. The adoption of supplemental budgets is allowed subsequently when unanticipated additional revenues are received. In the General Fund, revenues were under budget by about \$35,000 and expenditures were under budget by about \$43,000. Revenues were still greater than expenses by approximately \$42,000. In the Designated Purpose Grants Fund, expenditures were under budget by about \$92,000 primarily due to budgeting for miscellaneous expenditures that did not occur. Designated Purpose Grants revenues exceeded expenditures by approximately \$23,000.

## **Economic Factors and Next Year's Budget**

The FY25 budget was the first year without the Steamboat Springs School District as a BOCES member. The FY25 budget is approximately \$2M less than the year prior since much of the BOCES revenue is based on special education student counts which declined by approximately 55%.

The FY25 budget reflects carefully considered reductions in some expenditures including special education materials and staff professional development. Two FTE positions were combined into a single position and all other staffing remained the same. Modest salary increases are included as the BOCES continues to align its salaries with the East Grand School District and benefits remained at the same level. The Board supported use of \$50,000 of fund balance to reduce the proportion of General Fund expenses assigned to district assessments. Even with this contribution, given the decline in special education revenue and the need to preserve services, district assessments approximately doubled.

These audited findings where revenues are modestly greater than expenditures in both funds confirms this careful budget planning and implementation.

During the 25-26 fiscal year, the BOCES Board adopted a 3-year strategic plan to guide the BOCES in its next phase of providing special education services, gifted education services and professional learning programming to its member and associate member districts. An important BOCES strategic priority is effective stewardship of human and fiscal resources. One of the aligned goals is to optimize resource allocation, specifically by tying budget items to strategic plan elements.

## **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 Finance and HR Director, Northwest Colorado BOCES, PO Box 773390, Steamboat Springs, CO 80477.

## **BASIC FINANCIAL STATEMENTS**

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

STATEMENT OF NET POSITION

June 30, 2025

|  | <u>PRIMARY<br/>GOVERNMENT<br/>GOVERNMENTAL<br/>ACTIVITIES</u> |
|--|---|
| <b>ASSETS</b>  |   |
| Cash and Investments                                   | \$ 1,474,636  |
| Accounts Receivable                                    | 34,828  |
| Grants Receivable                                      | 343,958   |
| Capital Assets, <i>Net of Accumulated Depreciation</i> | <u>21,325</u>   |
| <b>TOTAL ASSETS</b>                                    | <u>1,874,747</u>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                  |   |
| Pensions, <i>Net of Accumulated Amortization</i>       | 609,066   |
| OPEB, <i>Net of Accumulated Amortization</i>           | <u>7,840</u>  |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>            | <u>616,906</u>  |
| <b>LIABILITIES</b>                                     |   |
| Accounts Payable                                       | 92,289  |
| Accrued Salaries and Benefits                          | 190,522   |
| Noncurrent Liabilities                                 |   |
| Compensated Absences                                   | 60,979  |
| Net Pension Liability                                  | 3,213,223   |
| Net OPEB Liability                                     | <u>57,012</u>   |
| <b>TOTAL LIABILITIES</b>                               | <u>4,098,910</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                   |   |
| Pensions, <i>Net of Accumulated Amortization</i>       | 545,135   |
| OPEB, <i>Net of Accumulated Amortization</i>           | <u>47,379</u>   |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>             | <u>592,514</u>  |
| <b>NET POSITION</b>                                    |   |
| Net Investment in Capital Assets                       | 21,325  |
| Restricted for Special Education                       | 121,750   |
| Unrestricted   | <u>(2,342,846)</u>  |
| <b>TOTAL NET POSITION</b>                              | <u>\$ (2,199,771)</u>   |

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2025

| FUNCTIONS / PROGRAMS                 | PROGRAM REVENUES    |                         |  | NET (EXPENSE)<br>REVENUE AND<br>CHANGE IN<br>NET POSITION |
|--------------------------------------|---------------------|-------------------------|--|---|
| PRIMARY GOVERNMENT                   | EXPENSES            | CHARGES FOR<br>SERVICES | OPERATING<br>GRANTS AND<br>CONTRIBUTIONS | PRIMARY<br>GOVERNMENTAL<br>ACTIVITIES                     |
| <b>Governmental Activities</b>       |                     |                         |  |   |
| Instruction                          | \$ 693,729          | \$ -                    | \$ 1,950,813                             | \$ 1,257,084  |
| Supporting Services                  | <u>1,554,705</u>    | <u>426,969</u>          | <u>322,650</u>                           | <u>(805,086)</u>  |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b> | <u>\$ 2,248,434</u> | <u>\$ 426,969</u>       | <u>\$ 2,273,463</u>                      | <u>\$ 451,998</u>   |
| <b>GENERAL REVENUES</b>              |                     |                         |  |   |
|                                      |                     |                         |  | <u>33,136</u>   |
|                                      |                     |                         |  | 485,134   |
|                                      |                     |                         |  | (2,631,009)   |
|                                      |                     |                         |  | <u>(53,896)</u>   |
|                                      |                     |                         |  | <u>(2,684,905)</u>  |
|                                      |                     |                         |  | <u>\$ (2,199,771)</u>                                     |

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

June 30, 2025

|   | <u>GENERAL</u>           | <u>GRANTS</u>            | <u>TOTAL</u>               |
|---|--------------------------|--------------------------|----------------------------|
| <b>ASSETS</b>   |                          |                          |                            |
| Cash and Investments  | \$ 976,105               | \$ 498,531               | \$ 1,474,636               |
| Accounts Receivable   | -                        | 34,828                   | 34,828                     |
| Grants Receivable   | -                        | 343,958                  | 343,958                    |
|   | <u>          </u>        | <u>          </u>        | <u>          </u>          |
| <b>TOTAL ASSETS</b>   | <b>\$ 976,105</b>        | <b>\$ 877,317</b>        | <b>\$ 1,853,422</b>        |
| <br>  |                          |                          |                            |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>      |                          |                          |                            |
| <b>LIABILITIES</b>  |                          |                          |                            |
| Accounts Payable  | \$ 2,272                 | \$ 90,017                | \$ 92,289                  |
| Accrued Salaries and Benefits   | 2,507                    | 188,015                  | 190,522                    |
| Unearned Revenue  | 7,350                    | 477,535                  | 484,885                    |
|   | <u>          </u>        | <u>          </u>        | <u>          </u>          |
| <b>TOTAL LIABILITIES</b>  | <b>12,129</b>            | <b>755,567</b>           | <b>767,696</b>             |
| <br>  |                          |                          |                            |
| <b>FUND BALANCES</b>  |                          |                          |                            |
| Restricted for Special Education  | -                        | 121,750                  | 121,750                    |
| Assigned for Vehicles   | 40,000                   | -                        | 40,000                     |
| Unassigned  | 923,976                  | -                        | 923,976                    |
|   | <u>          </u>        | <u>          </u>        | <u>          </u>          |
| <b>TOTAL FUND BALANCES</b>  | <b>963,976</b>           | <b>121,750</b>           | <b>1,085,726</b>           |
| <br>  |                          |                          |                            |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <b>\$ <u>976,105</u></b> | <b>\$ <u>877,317</u></b> | <b>\$ <u>1,853,422</u></b> |

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2025

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

|   |    |                           |
|---|----|---------------------------|
| Total Fund Balances of Governmental Funds   | \$ | 1,085,726                 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.          |    | 21,325                    |
| Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds: |    |                           |
| Accrued Compensated Absences  |    | (60,979)                  |
| Net Pension Liability   |    | (3,213,223)               |
| Pension-Related Deferred Outflows of Resources  |    | 609,066                   |
| Pension-Related Deferred Inflows of Resources   |    | (545,135)                 |
| Net OPEB Liability  |    | (57,012)                  |
| OPEB-Related Deferred Outflows of Resources   |    | 7,840                     |
| OPEB-Related Deferred Inflows of Resources  |    | <u>(47,379)</u>           |
| Total Net Position of Governmental Activities   | \$ | <u><u>(2,199,771)</u></u> |

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended June 30, 2025

|                          | GENERAL    | GRANTS     | TOTAL        |
|--------------------------|------------|------------|--------------|
| REVENUES                 |            |            |              |
| Local Sources            | \$ 440,618 | \$ 26,645  | \$ 467,263   |
| State Sources            | 214,365    | 1,281,627  | 1,495,992    |
| Federal Sources          | -          | 770,313    | 770,313      |
|                          | 654,983    | 2,078,585  | 2,733,568    |
| <br>                     |            |            |              |
| EXPENDITURES             |            |            |              |
| Current                  |            |            |              |
| Instruction              | 8,680      | 823,512    | 832,192      |
| Supporting Services      | 604,239    | 1,231,749  | 1,835,988    |
|                          | 612,919    | 2,055,261  | 2,668,180    |
| <br>                     |            |            |              |
| CHANGE IN FUND BALANCES  | 42,064     | 23,324     | 65,388       |
| <br>                     |            |            |              |
| FUND BALANCES, Beginning | 921,912    | 98,426     | 1,020,338    |
| <br>                     |            |            |              |
| FUND BALANCES, Ending    | \$ 963,976 | \$ 121,750 | \$ 1,085,726 |

**NORTHWEST COLORADO 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 of Governmental Funds   | \$ | 65,388    |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as:                                     |    |           |
| Depreciation Expense  |    | (16,578)  |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following: |    |           |
| Accrued Compensated Absences  |    | 3,203     |
| Net Pension Liability   |    | 784,152   |
| Pension-Related Deferred Outflows of Resources  |    | (373,047) |
| Pension-Related Deferred Inflows of Resources   |    | (43,861)  |
| Net OPEB Liability  |    | 39,508    |
| OPEB-Related Deferred Outflows of Resources   |    | (3,831)   |
| OPEB-Related Deferred Inflows of Resources  |    | 30,200    |
|   |    | 30,200    |
| Change in Net Position of Governmental Activities   | \$ | 485,134   |

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

Year Ended June 30, 2025

|                               | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>         | <u>VARIANCE<br/>Positive<br/>(Negative)</u> |
|-------------------------------|----------------------------|-------------------------|-----------------------|---|
| REVENUES                      |                            |                         |                       |   |
| Local Sources                 | \$ 472,395                 | \$ 484,395              | \$ 440,618            | \$ (43,777)                                 |
| State Sources                 | <u>138,000</u>             | <u>206,000</u>          | <u>214,365</u>        | <u>8,365</u>                                |
| <br>TOTAL REVENUES            | <br><u>610,395</u>         | <br><u>690,395</u>      | <br><u>654,983</u>    | <br><u>(35,412)</u>                         |
| EXPENDITURES                  |                            |                         |                       |   |
| Current                       |                            |                         |                       |   |
| Instruction                   | <u>45,000</u>              | <u>-</u>                | <u>8,680</u>          | <u>(8,680)</u>                              |
| Supporting Services           |                            |                         |                       |   |
| Students                      | -                          | -                       | 12,718                | (12,718)                                    |
| Instructional Staff           | 113,000                    | 138,000                 | 130,572               | 7,428                                       |
| General Administration        | 91,176                     | 91,176                  | 100,853               | (9,677)                                     |
| Business Services             | 388,219                    | 403,594                 | 340,450               | 63,144                                      |
| Central Support               | <u>23,000</u>              | <u>23,000</u>           | <u>19,646</u>         | <u>3,354</u>                                |
| <br>Total Supporting Services | <br><u>615,395</u>         | <br><u>655,770</u>      | <br><u>604,239</u>    | <br><u>51,531</u>                           |
| <br>TOTAL EXPENDITURES        | <br><u>660,395</u>         | <br><u>655,770</u>      | <br><u>612,919</u>    | <br><u>42,851</u>                           |
| <br>CHANGE IN FUND BALANCE    | <br>(50,000)               | <br>34,625              | <br>42,064            | <br>7,439                                   |
| <br>FUND BALANCE, Beginning   | <br><u>726,225</u>         | <br><u>726,225</u>      | <br><u>921,912</u>    | <br><u>195,687</u>                          |
| <br>FUND BALANCE, Ending      | <br><u>\$ 676,225</u>      | <br><u>\$ 760,850</u>   | <br><u>\$ 963,976</u> | <br><u>\$ 203,126</u>                       |

# NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

### **NOTE 1: Summary of Significant Accounting Policies**

Northwest Colorado Board of Cooperative Educational Services (BOCES) operates under Colorado Revised Statutes providing educational and educational support services for its five member BOCES districts, as well as other surrounding districts in northwestern Colorado. The Board members are appointed by the Boards of the five member districts, with one from each school district Board, which consist of Hayden, South Routt, East Grand, West Grand, and North Park school districts.

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

#### **Reporting Entity**

The financial reporting entity consists of the BOCES, organizations for which the BOCES is financially accountable, and organizations that raise and hold economic resources for the direct benefit of BOCES. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of BOCES. Legally separate organizations for which BOCES is financially accountable are considered part of the reporting entity. Financial accountability exists if 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 has the potential to provide benefits to, or impose financial burdens on, the BOCES.

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

#### **Government-wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are reported as general revenues rather than program revenues.

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

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

The *Grants Fund* is used to account for the majority of the grant activity of the BOCES.

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**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 (Continued)**

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

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

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

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 a specific use, it is the BOCES's policy to use restricted resources first, then unrestricted resources as they are needed.

**Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources, and Fund Balances / Net Position**

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

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

|           |         |
|-----------|---------|
| Vehicles  | 3 years |
| Equipment | 5 years |

*Compensated Absences* – Vacation leave may be carried over at maximum days based on years of service at a rate at the employee's regular daily rate. A long-term liability for accrued vacation benefits at June 30, 2025, has been recorded in the governmental-wide financial statements, representing the BOCES's commitment to fund such costs from the General fund, as well as an estimated usage for sick leave earned and likely to be used in the future. Payment for any of the accrued benefits will occur in subsequent years and be made from future resources.

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources, and Fund Balances / Net Position (Continued)**

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

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

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

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

**NOTE 2: Cash and Investments**

At June 30, 2025, the BOCES had the following cash and investments:

|             |                     |
|-------------|---------------------|
| Deposits    | \$ 994,224          |
| Investments | 480,412             |
| Total       | <u>\$ 1,474,636</u> |

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2025, the BOCES had bank deposits of \$727,204 collateralized with securities held by the financial institution’s agent but not in the BOCES’s name.

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 2: Cash and Investments (Continued)**

**Investments**

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

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

*Fair Value Measurements* - At June 30, 2025, the BOCES's investments in the local government investment pool reported at the net asset value per share.

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

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

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

*Local Government Investment Pools* - At June 30, 2025, the BOCES had \$480,412 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pool. The Pool operates in conformity with the Securities and Exchange Commission's Rule 2a-7. The Pool is reported at the net asset value per share, with each share valued at \$1. The Pool is rated AAAM by Standard and Poor's. Investments of the Pool are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

**NORTHWEST COLORADO 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<br>6/30/2024 | Additions   | Deletions | Balance<br>6/30/2025 |
|--|----------------------|-------------|-----------|----------------------|
| <b>Governmental Activities</b>               |                      |             |           |                      |
| Capital Assets, Being Depreciated:           |                      |             |           |                      |
| Vehicles                                     | \$ 65,303            | \$ -        | \$ -      | \$ 65,303            |
| Less Accumulated Depreciation:               |                      |             |           |                      |
| Vehicles                                     | (27,400)             | (16,578)    | -         | (43,978)             |
| Capital Assets, Governmental Activities, Net | \$ 37,903            | \$ (16,578) | \$ -      | \$ 21,325            |

Depreciation expense of the governmental activities was charged to the supporting services program.

**NOTE 4: Long-Term Liabilities**

Following is a summary of long-term liabilities for the year ended June 30, 2025.

|                                | Balance,<br>as Restated<br>6/30/2024 | Additions | Reductions | Balance<br>6/30/2025 | Due in<br>One Year |
|--------------------------------|--------------------------------------|-----------|------------|----------------------|--------------------|
| <b>Governmental Activities</b> |                                      |           |            |                      |                    |
| Compensated Absences           | \$ 64,182                            | \$ 3,353  | \$ -       | \$ 67,535            | \$ -               |

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

**NOTE 5: Risk Management**

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

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

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 6: Defined Benefit Pension Plan**

**General Information**

*Plan Description* – The BOCES contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees’ Retirement Association of Colorado (PERA). All employees of the BOCES participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), administrative rules set at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code assign the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available annual comprehensive financial report, that includes information on the SDTF, which may be obtained at <https://copera.org/forms-resources/financial-reports-and-studies>.

*Benefits Provided as of December 31, 2024* - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary over five years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant’s contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In all case can the benefit amount exceed the highest average salary, or the amount allowed by applicable federal regulations.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers, while 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 of employment was terminated, whether five 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 CRS Subject to the automatic adjustment provision (AAP) under CRS § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1% 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% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA’s Annual Increase Reserve (AIR). The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in CRS § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of 20 years of service credit, if deemed disabled.

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

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 6: Defined Benefit Pension Plan (Continued)**

**General Information (Continued)**

*Contributions provisions as of June 30, 2025* – The BOCES, State, and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2024, through June 30, 2025. The BOCES’s contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the BOCES’s contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 7). The BOCES’s contributions to the SDTF for the year ended June 30, 2025, were \$282,083, equal to the required contributions at a contribution rate of 20.38%.

For the purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in CRS § 24-51-414, the State of Colorado is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF.

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

The net pension liability was measured at December 31, 2024, and the total pension liability 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 total pension liability to December 31, 2024. The BOCES’s proportion of the net pension liability was based on the BOCES’s contributions to the SDTF for the calendar year ended December 31, 2024, relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At December 31, 2024, The BOCES’s proportion was 0.0186220909%, which was a decrease of 0.0039831200% from its proportion measured at December 31, 2023.

At June 30, 2025, the BOCES reported a liability for its proportionate share of the net pension liability that reflected an increase for State pension support provided to the BOCES. The amount recognized by the BOCES as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the BOCES were as follows:

|   |                            |
|---|----------------------------|
| The BOCES's proportionate share of the net pension liability  | \$ 3,213,223               |
| State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the BOCES | <u>288,598</u>             |
| Total   | <u><u>\$ 3,501,821</u></u> |

For the year ended June 30, 2025, the BOCES recognized pension expense of (\$85,308) and a revenue of (\$30,435) 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:

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 6: Defined Benefit Pension Plan (Continued)**

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

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience  | \$ 181,959                           | \$ -                                |
| Changes of assumptions and other inputs   | 24,090                               | -                                   |
| Net difference between projected and actual earnings on plan investments  | 60,624                               | -                                   |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 202,736                              | 545,135                             |
| Contributions subsequent to the measurement date  | 139,657                              | -                                   |
| Total   | \$ 609,066                           | \$ 545,135                          |

BOCES contributions subsequent to the measurement date of \$139,657 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,

|       |             |
|-------|-------------|
| 2026  | \$ 39,278   |
| 2027  | 96,333      |
| 2028  | (168,100)   |
| 2029  | (43,237)    |
| Total | \$ (75,726) |

*Actuarial Assumptions* - The actuarial valuation as of December 31, 2023, determined the total pension liability using the following actuarial assumptions and other inputs.

|   |                     |
|---|---------------------|
| Actuarial cost method   | Entry age           |
| Price inflation   | 2.30%               |
| Real wage growth  | 0.70%               |
| Wage inflation  | 3.00%               |
| Salary increases, including wage inflation  | 3.40% - 11.00%      |
| Long-term investment rate of return, net of plan investment expenses, including price inflation | 7.25%               |
| Discount rate   | 7.25%               |
| Post-retirement benefit increases:  |                     |
| Hired prior to 1/1/07   |                     |
| thereafter, compounded annually   | 1.00%               |
| Hired after 12/31/06  | Financed by the AIR |

Post-retirement benefit increases are provided by the annual increase reserve, accounted for separately in SDTF, and subject to resources being available. Therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 6: Defined Benefit Pension Plan (Continued)**

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

Mortality assumptions were developed on a benefit-weighted basis and apply generational mortality, as follows. All categories the mortality tables are generationally projected using scale MP-2019.

- Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table.
- Post-retirement (retiree) non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, and 2) females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older.
- Post-retirement (beneficiary) non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 97% of the rates for all ages, and 2) females: 105% of the rates for all ages.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages.

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of 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 of Directors at their November 20, 2020, meeting.

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

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 of Directors 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 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. All of the following categories for the mortality tables are generationally projected using the 2024 adjusted MP-2021 projected scale.

- Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table.
- Post-retirement (retiree) non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 106% of the rates for all ages, and 2) females: 86% of the rates prior to age 85 and 115% of the rates for ages 85 and older.

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 6: Defined Benefit Pension Plan (Continued)**

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

- Post-retirement (beneficiary) non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 92% of the rates for all ages, and 2) females: 100% of the rates for all ages.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 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 weighing the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

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

| <u>Asset Class</u> | <u>Target<br/>Allocation</u> | <u>30 Year Expected<br/>Geometric Real<br/>Rate of Return</u> |
|--------------------|------------------------------|---|
| 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              | <u>100.00%</u>               |   |

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

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 6: Defined Benefit Pension Plan (Continued)**

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

*Discount Rate* - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied to 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 Senate Bill (SB) 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan participants were used to reduce the estimated amount of total service costs for future plan members.
- BOCES contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. BOCES 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 BOCES contributions reflect reductions for the funding of the annual increase reserve and retiree health care benefits. For future plan members, BOCES contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the state, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million, commencing July 1, 2018, that is proportioned between the PERA Division Trust Funds, including SDTF, based upon the covered payroll. The annual direct distribution ceases when all PERA Division Trust Funds are fully funded.
- BOCES contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the fiduciary net position and the subsequent annual increase reserve benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 6: Defined Benefit Pension Plan (Continued)**

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

*Sensitivity of the BOCES's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* - The following presents the BOCES's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the BOCES's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, as follows:

|  | 1% Decrease<br>(6.25%) | Current<br>Discount<br>Rate (7.25%) | 1% Increase<br>(8.25%) |
|--|------------------------|-------------------------------------|------------------------|
| Proportionate share of the net pension liability | <u>\$ 4,356,386</u>    | <u>\$ 3,213,223</u>                 | <u>\$ 2,255,664</u>    |

*Pension Plan Fiduciary Net Position* - Detailed information about the SDTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at <https://copera.org/forms-resources/financial-reports-and-studies>.

**NOTE 7: Postemployment Healthcare Benefits**

**General Information**

*Plan Description* - All employees of the BOCES are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), 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. CRS provisions may be amended by the Colorado General Assembly. PERA issues a publicly available financial report, that includes information on the HCTF, which may be obtained at <https://copera.org/forms-resources/financial-reports-and-studies>.

*Benefits Provided* - The HCTF provides a healthcare premium subsidy to eligible participating benefit recipients and retirees who choose to enroll in one of the PERA health care plans. However, the subsidy is not available if benefit recipients or retirees are only enrolled in the dental and/or vision plan(s). Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contributions account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

CRS § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 7: Postemployment Healthcare Benefits (Continued)**

**General Information (Continued)**

Enrollment in the PERACare health benefits program is voluntary and 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, and \$115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced by 5% for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

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, CRS § 24-51-12-6(4) provides an additional subsidy. According to the State statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF on behalf of recipients not covered by Medicare Part A.

*Contributions* - As established by Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, 1.02% of the BOCES's contributions to the School Division Trust Fund (SDTF) (Note 6) are apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The BOCES's apportionment to the HCTF for the year ended June 30, 2025, was \$14,118, equal to the required amount.

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

At June 30, 2025, the BOCES reported a net OPEB liability of \$57,012, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2024, and the total OPEB liability 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 total OPEB liability to December 31, 2024. The BOCES's proportion of the net OPEB liability was based on the BOCES's contributions to the HCTF for the calendar year ended December 31, 2024, relative to the contributions of all participating employers.

At December 31, 2024, the BOCES's proportion was 0.0119229362%, which was a decrease of 0.0016005162% from its proportion measured at December 31, 2023.

For the year ended June 30, 2025, the BOCES recognized OPEB expense of (\$27,935). At June 30, 2025, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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**NOTE 7: Postemployment Healthcare Benefits (Continued)**

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

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience  | \$ -                                 | \$ 12,576                           |
| Changes of assumptions and other inputs   | 654                                  | 18,223                              |
| Net difference between projected and actual earnings on plan investments  | 196                                  | -                                   |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | -                                    | 40,404                              |
| Contributions subsequent to the measurement date  | 6,990                                | -                                   |
| Total   | \$ 7,840                             | \$ 71,203                           |

The BOCES contributions subsequent to the measurement date of \$6,990 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,

|       |             |
|-------|-------------|
| 2026  | \$ (21,796) |
| 2027  | (14,910)    |
| 2028  | (15,130)    |
| 2029  | (9,113)     |
| 2030  | (6,486)     |
| 2031  | (2,918)     |
| Total | \$ (70,353) |

*Actuarial Assumptions* - The actuarial valuation as of December 31, 2022, determined the total OPEB liability using the following actuarial cost method, actuarial assumptions, and other inputs, applied to all periods included in the measurement.

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 7: Postemployment Healthcare Benefits (Continued)**

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

|  |                |
|--|----------------|
| Actuarial Cost Method  | Entry Age      |
| Price inflation  | 2.30%          |
| Real wage growth   | 0.70%          |
| Wage inflation   | 3.00%          |
| Salary increases, including wage inflation   | 3.40% - 11.00% |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation | 7.25%          |
| Discount rate  | 7.25%          |
| Health care cost trend rates:  |                |
| Service-based premium subsidy  | 0.0%           |
| PERACare Medicare plans  |                |
| 16% in 2024, then 6.75% in 2025, gradually decreasing to 4.5% in 2034                                |                |
| MAPD PPO #2  |                |
| 105% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034                              |                |
| Medicare Part A premiums:  |                |
| 3.5% in 2024, gradually increasing to 4.5% in 2033   |                |

The total OPEB liability for the HCTF, as of the December 31, 2024, measurement date, was adjusted to reflect the disaffiliation of Tri-County Health Department (Tri-County Health), effective December 31, 2022. The additional employer disaffiliation payment allocation to the HCTF and the Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

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

Age-Related Morbidity Assumptions

| Participant Age | Annual Increase | Annual Increase |
|-----------------|-----------------|-----------------|
|                 | (Male)          | (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%            |

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
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**NOTE 7: Postemployment Healthcare Benefits (Continued)**

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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2023, valuation, the following monthly costs/premium are assumed for 2024 for the PERA Benefit Structure:

| Sample Age | MAPD PPO #1 with Medicare Part A for Retiree / Spouse |          | MAPD PPO #2 with Medicare Part A for Retiree / Spouse |        | MAPD HMO (Kaiser) with Medicare Part A for Retiree / Spouse |          |
|------------|---|----------|---|--------|---|----------|
|            | Male  | Female   | Male  | Female | Male  | Female   |
| 65         | \$ 1,710  | \$ 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 for Retiree / Spouse |          | MAPD PPO #2 without Medicare Part A for Retiree / Spouse |          | MAPD HMO (Kaiser) without Medicare Part A for Retiree / Spouse |          |
|------------|--|----------|--|----------|--|----------|
|            | Male   | Female   | Male   | Female   | Male   | Female   |
| 65         | \$ 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 \$506 per month. All costs are subject to the health care cost trend rates.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. 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 total OPEB liability are summarized in the table below:

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**NOTE 7: Postemployment Healthcare Benefits (Continued)**

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

| Measurement<br>Year | PERACare<br>Medicare Plans * | PERACare<br>Medicare Plans * | Medicare Part A<br>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%                       |

Mortality assumptions used in the December 31, 2023, valuation for the determination of the total pension liability, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF (Note 7).

All categories of the mortality tables are generationally projected using scale MP-2019.

- The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table.
- Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, and 2) females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older.

The health care costs assumptions were updated and used in the roll-forward calculation for the HCTF. Per capita health care costs as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the costs for the 2024 plan year. The healthcare cost trend rates applicable to health care premiums were revised to reflect the then-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 rate based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, valuations were based on the results of the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board of Directors at their November 20, 2020, meeting.

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 7: Postemployment Healthcare Benefits (Continued)**

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

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 of Directors 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.

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

- Salary increases, including wage inflation for the SDTF were 4% - 13.40%.
- 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<br>Part A | Without Medicare<br>Part A |
|-------------------|-------------------------|----------------------------|
| MAPD PPO#1        | \$ 1,824                | \$ 6,972                   |
| MAPD PPO #2       | \$ 624                  | \$ 4,524                   |
| MAPD HMO (Kaiser) | \$ 2,040                | \$ 7,596                   |

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

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 categories in 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 SDTF participate in the HCTF (Note 6).

- The pre-retirement mortality assumptions for the SDTF were based upon the PubG-2010 Employee Table.
- Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 106% of the rates for all ages, and 2) females: 86% of the rates prior to age 85 and 115% of the rates for ages 85 and older.

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 of Director’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.

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 7: Postemployment Healthcare Benefits (Continued)**

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the PERA Board of Director’s meetings on November 15, 2019, and the September 20, 2024.

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   | <u>6.00%</u>      | 5.20%  |
| Total          | <u>100.00%</u>    |  |

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

*Discount rate* - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions. 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%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 7: Postemployment Healthcare Benefits (Continued)**

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

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of December 31, 2023, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect payments related to disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of December 31, 2023, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

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

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

|  | <u>1% Decrease<br/>in Trend Rates</u> | <u>Current Trend<br/>Rates (7.25%)</u> | <u>1% Increase<br/>in Trend Rates</u> |
|--|---------------------------------------|--|---------------------------------------|
| Initial PERACare Medicare trend rate** | 5.75%                                 | 6.75%                                  | 7.75%                                 |
| Ultimate PERACare Medicare trend rate  | 3.50%                                 | 4.50%                                  | 5.50%                                 |
| Initial MAPD PPO#2 trend rate**        | 7.55%                                 | 8.55%                                  | 9.55%                                 |
| Ultimate MAPD PPO#2 trend rate         | 3.50%                                 | 4.50%                                  | 5.50%                                 |
| Initial Medicare Part A trend rate**   | 2.75%                                 | 3.75%                                  | 4.75%                                 |
| Ultimate Medicare Part A trend rate    | 3.50%                                 | 4.50%                                  | 5.50%                                 |
| Net OPEB Liability                     | <u>\$ 55,476</u>                      | <u>\$ 57,012</u>                       | <u>\$ 58,750</u>                      |

\*\* For the January 1, 2025, plan year.

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

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 7: Postemployment Healthcare Benefits (Continued)**

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

|   | 1% Decrease<br>(6.25%) | Current Discount<br>Rate (7.25%) | 1% Increase<br>(8.25%) |
|---|------------------------|----------------------------------|------------------------|
| Proportionate share of the net OPEB liability | \$ 69,869              | \$ 57,012                        | \$ 45,927              |

*OPEB Plan Fiduciary Net Position* - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at <https://copera.org/forms-resources/financial-reports-and-studies>.

**NOTE 8: Commitments and Contingencies**

**Tabor Amendment**

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. The Amendment is complex and subject to judicial interpretation. The Amendment is subject to many interpretations, but the BOCES believes it is in substantial compliance with the Amendment. The BOCES believes it is exempt from the TABOR amendment, because it receives no direct taxes and is a joint venture of district members.

**Litigation**

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

**NOTE 9: Change in Accounting Principle**

At June 30, 2025, the BOCES applied a change in accounting principle as a result of the required implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The implementation of GASB Statement No. 101, *Compensated Absences*, required a retroactive application that involved a restatement to the beginning net position for a single period for the fiscal year ended June 30, 2024. The BOCES allows for sick leave to accumulate for full-time and part-time employees, which required a calculation of the liability and impact to the beginning net position for the financial statements as follows.

|   |                            |
|---|----------------------------|
|   | Governmental<br>Activities |
| Net Position, Beginning, as Originally Stated     | \$ (2,631,009)             |
| Compensated Absences                              | (53,896)                   |
| Net Position/Fund Balance, Beginning, as Restated | \$ (2,684,905)             |

**REQUIRED SUPPLEMENTARY INFORMATION**

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**BUDGETARY COMPARISON SCHEDULE**

**GRANTS FUND**

Year Ended June 30, 2025

|                                   | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>     | <u>VARIANCE<br/>Positive<br/>(Negative)</u> |
|-----------------------------------|----------------------------|-------------------------|-------------------|---|
| <b>REVENUES</b>                   |                            |                         |                   |   |
| Local Sources                     | \$ 25,000                  | \$ 25,000               | \$ 26,645         | \$ 1,645                                    |
| State Sources                     |                            |                         |                   |   |
| ECEA                              | 971,000                    | 1,003,855               | 926,837           | (77,018)                                    |
| Gifted and Talented               | 77,386                     | 127,467                 | 96,937            | (30,530)                                    |
| SWAP                              | 170,100                    | 170,100                 | 130,386           | (39,714)                                    |
| Other                             | 131,526                    | 109,376                 | 127,467           | 18,091                                      |
| Federal Sources                   |                            |                         |                   |   |
| Title IIIA                        | 17,000                     | 17,000                  | 18,385            | 1,385                                       |
| Carl Perkins Vocational Education | 80,000                     | 80,000                  | 70,177            | (9,823)                                     |
| IDEA                              | 573,614                    | 620,580                 | 653,015           | 32,435                                      |
| Other                             | -                          | -                       | 28,736            | 28,736                                      |
| <b>TOTAL REVENUES</b>             | <u>2,045,626</u>           | <u>2,153,378</u>        | <u>2,078,585</u>  | <u>(74,793)</u>                             |
| <b>EXPENDITURES</b>               |                            |                         |                   |   |
| Current                           |                            |                         |                   |   |
| Salaries                          | 1,171,210                  | 1,202,276               | 1,147,175         | 55,101                                      |
| Benefits                          | 415,499                    | 422,639                 | 378,353           | 44,286                                      |
| Purchased Services                | 266,973                    | 300,085                 | 399,459           | (99,374)                                    |
| Supplies and Materials            | 46,019                     | 56,112                  | 42,921            | 13,191                                      |
| Capital Outlay                    | -                          | 14,481                  | 14,481            | -   |
| Other                             | 120,925                    | 151,954                 | 72,872            | 79,082                                      |
| <b>TOTAL EXPENDITURES</b>         | <u>2,020,626</u>           | <u>2,147,547</u>        | <u>2,055,261</u>  | <u>92,286</u>                               |
| <b>CHANGE IN FUND BALANCE</b>     | 25,000                     | 5,831                   | 23,324            | 17,493                                      |
| <b>FUND BALANCE, Beginning</b>    | <u>(2,504)</u>             | <u>(2,504)</u>          | <u>98,426</u>     | <u>100,930</u>                              |
| <b>FUND BALANCE, Ending</b>       | <u>\$ 22,496</u>           | <u>\$ 3,327</u>         | <u>\$ 121,750</u> | <u>\$ 99,254</u>                            |

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS**  
**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND**  
June 30, 2025

| <b>MEASUREMENT YEAR</b>   | <u>12/31/24</u>     | <u>12/31/23</u>     | <u>12/31/22</u>     | <u>12/31/21</u>     |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>                                     |                     |                     |                     |                     |
| BOCES's Proportion of the Net Pension Liability   | 0.0186220909%       | 0.0226052109%       | 0.0192806958%       | 0.0260959341%       |
| BOCES's Proportionate Share of the Net Pension Liability                                    | \$ 3,213,223        | \$ 3,997,375        | \$ 3,510,912        | \$ 3,036,883        |
| State's Proportionate Share of the Net Pension Liability Associated with the BOCES          | <u>288,598</u>      | <u>87,651</u>       | <u>1,023,115</u>    | <u>314,526</u>      |
| Total Proportionate Share of the Net Pension Liability                                      | <u>\$ 3,501,821</u> | <u>\$ 4,085,026</u> | <u>\$ 4,534,027</u> | <u>\$ 3,351,409</u> |
| BOCES's Covered Payroll   | \$ 1,439,012        | \$ 1,494,406        | \$ 1,503,986        | \$ 1,571,221        |
| BOCES's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 223%                | 267%                | 233.44%             | 193.28%             |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                  | 67%                 | 65%                 | 62%                 | 75%                 |
| <b>FISCAL YEAR</b>  | <u>6/30/25</u>      | <u>6/30/24</u>      | <u>6/30/23</u>      | <u>6/30/22</u>      |
| <b>BOCES's CONTRIBUTIONS</b>  |                     |                     |                     |                     |
| Statutorily Required Contribution   | \$ 282,083          | \$ 298,316          | \$ 306,513          | \$ 302,305          |
| Contributions in Relation to the Statutorily Required Contribution                          | <u>(282,083)</u>    | <u>(298,316)</u>    | <u>(306,513)</u>    | <u>(302,305)</u>    |
| Contribution Deficiency (Excess)  | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         |
| BOCES's Covered Payroll   | \$ 1,384,115        | \$ 1,463,766        | \$ 1,503,986        | \$ 1,520,649        |
| Contributions as a Percentage of Covered Payroll  | 20.38%              | 20.38%              | 20.38%              | 19.88%              |

| <u>12/31/20</u>     | <u>12/31/19</u>     | <u>12/31/18</u>     | <u>12/31/17</u>      | <u>12/31/16</u>      | <u>12/31/15</u>     |
|---------------------|---------------------|---------------------|----------------------|----------------------|---------------------|
| 0.0315398225%       | 0.0302258550%       | 0.0332386140%       | 0.0407720000%        | 0.0423130000%        | 0.0463760000%       |
| \$ 4,768,185        | \$ 4,515,677        | \$ 5,885,579        | \$ 13,184,140        | \$ 12,598,337        | \$ 7,092,952        |
| <u>-</u>            | <u>508,287</u>      | <u>707,967</u>      | <u>-</u>             | <u>-</u>             | <u>-</u>            |
| <u>\$ 4,768,185</u> | <u>\$ 5,023,964</u> | <u>\$ 6,593,546</u> | <u>\$ 13,184,140</u> | <u>\$ 12,598,337</u> | <u>\$ 7,092,952</u> |
| \$ 1,656,558        | \$ 1,752,847        | \$ 1,827,306        | \$ 1,866,404         | \$ 1,876,604         | \$ 2,021,075        |
| 287.84%             | 257.62%             | 322.09%             | 706.39%              | 671.34%              | 350.95%             |
| 67%                 | 65%                 | 57%                 | 44%                  | 43%                  | 59%                 |
| <u>06/30/21</u>     | <u>06/30/20</u>     | <u>06/30/19</u>     | <u>06/30/18</u>      | <u>06/30/17</u>      | <u>06/30/16</u>     |
| \$ 329,086          | \$ 334,779          | \$ 340,288          | \$ 348,295           | \$ 343,403           | \$ 341,991          |
| <u>(329,086)</u>    | <u>(334,779)</u>    | <u>(340,288)</u>    | <u>(348,295)</u>     | <u>(343,403)</u>     | <u>(341,991)</u>    |
| <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>         |
| \$ 1,655,348        | \$ 1,721,991        | \$ 1,780,075        | \$ 1,857,047         | \$ 1,868,537         | \$ 1,930,215        |
| 19.88%              | 19.44%              | 19.12%              | 18.76%               | 18.38%               | 17.72%              |

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS**  
**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND**  
June 30, 2025

|  | <u>12/31/24</u> | <u>12/31/23</u> | <u>12/31/22</u> | <u>12/31/21</u> |
|--|-----------------|-----------------|-----------------|-----------------|
| <b>PROPORTIONATE SHARE OF THE NET OPEB LIABILITY</b>                                     |                 |                 |                 |                 |
| BOCES's Proportion of the Net OPEB Liability   | 0.0119229362%   | 0.0135234524%   | 0.0146590099%   | 0.0170386700%   |
| BOCES's Proportionate Share of the Net OPEB Liability                                    | \$ 57,012       | \$ 96,520       | \$ 119,688      | \$ 146,925      |
| BOCES's Covered Payroll  | \$ 1,439,012    | \$ 1,494,406    | \$ 1,503,986    | \$ 1,571,221    |
| BOCES's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll | 3.96%           | 6.46%           | 7.96%           | 9.35%           |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability                  | 60%             | 46%             | 39%             | 39%             |
| <b>BOCES'S CONTRIBUTIONS</b>   |                 |                 |                 |                 |
| Statutorily Required Contribution  | \$ 14,118       | \$ 14,930       | \$ 15,341       | \$ 15,511       |
| Contributions in Relation to the Statutorily Required Contribution                       | <u>(14,118)</u> | <u>(14,930)</u> | <u>(15,341)</u> | <u>(15,511)</u> |
| Contribution Deficiency (Excess)   | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| BOCES's Covered Payroll  | \$ 1,384,115    | \$ 1,463,766    | \$ 1,503,986    | \$ 1,520,649    |
| Contributions as a Percentage of Covered Payroll   | 1.02%           | 1.02%           | 1.02%           | 1.02%           |

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

| <u>12/31/20</u> | <u>12/31/19</u> | <u>12/31/18</u> | <u>12/31/17</u> |
|-----------------|-----------------|-----------------|-----------------|
| 0.0182465037%   | 0.0197522538%   | 0.0216052895%   | 0.0231663687%   |
| \$ 210,059      | \$ 222,015      | \$ 293,949      | \$ 301,070      |
| \$ 1,656,558    | \$ 1,752,847    | \$ 1,827,306    | \$ 1,866,404    |
| 12.68%          | 12.67%          | 16.09%          | 16.13%          |
| 33%             | 24%             | 17%             | 18%             |
| <u>6/30/21</u>  | <u>6/30/20</u>  | <u>6/30/19</u>  | <u>6/30/18</u>  |
| \$ 16,885       | \$ 17,564       | \$ 18,157       | \$ 18,942       |
| <u>(16,885)</u> | <u>(17,564)</u> | <u>(18,157)</u> | <u>(18,942)</u> |
| \$ <u>-</u>     | \$ <u>-</u>     | \$ <u>-</u>     | \$ <u>-</u>     |
| \$ 1,655,348    | \$ 1,721,991    | \$ 1,780,075    | \$ 1,857,047    |
| 1.02%           | 1.02%           | 1.02%           | 1.02%           |

# NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2025

### **NOTE 1: Stewardship, Compliance, and Accountability**

#### **Budgetary Information**

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

- Management 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.
- Public hearings are conducted by the Board of Directors to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Executive Director. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- All budget appropriations lapse at fiscal year-end.

### **NOTE 2: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information**

*STDF Plan* - 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.

*HCTF Plan* - 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.

As of the December 31, 2024, measurement date, the fiduciary net position 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.

For RSI disclosures reported in previous years, refer to the PERA's annual comprehensive financial report (ACFR) notes to the required supplementary information at the following link: <https://copera.org/forms-resources/financial-reports-and-studies>.

**NORTHWEST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2025

**NOTE 3: Changes in Assumptions and Other Inputs**

*STDF Plan* – 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%.

SB 25-310 was enacted on June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million on or after July 1, 2025, and before October 1, 2025. These dollars will be proportioned over time to replace reductions to the 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.

*HCTF Plan* – 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.

For RSI disclosures reported in previous years to the PERA's annual comprehensive financial report (ACFR) notes to the required supplementary information may be obtained as follows: <https://copera.org/forms-resources/financial-reports-and-studies>.

## **COMPLIANCE SECTION**

## **STATE COMPLIANCE**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 9095 - Northwest Colo 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 |
|---|--|--|---|---|
| <b>Governmental</b>                                     | +  |  | -   | =   |
| 10 General Fund   | 921,913                                  | 667,484                                    | 625,421                                   | 963,976   |
| 18 Risk Mgmt Sub-Fund of General Fund                   | 0  | 0  | 0   | 0   |
| 19 Colorado Preschool Program Fund                      | 0  | 0  | 0   | 0   |
| <b>Sub- Total</b>                                       | <b>921,913</b>                           | <b>667,484</b>                             | <b>625,421</b>                            | <b>963,976</b>  |
| 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                  | 98,426                                   | 2,078,584                                  | 2,055,259                                 | 121,751   |
| 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   |
| <b>Totals</b>   | <b>1,020,339</b>                         | <b>2,746,068</b>                           | <b>2,680,680</b>                          | <b>1,085,727</b>                                      |
| <b>Proprietary</b>                                      |  |  |   |   |
| 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   |
| <b>Totals</b>   | <b>0</b>                                 | <b>0</b>                                   | <b>0</b>                                  | <b>0</b>  |
| <b>Fiduciary</b>  |  |  |   |   |
| 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   |
| <b>Totals</b>   | <b>0</b>                                 | <b>0</b>                                   | <b>0</b>                                  | <b>0</b>  |

FINAL