

**UTE PASS BOARD OF COOPERATIVE
EDUCATIONAL SERVICES**

SINGLE AUDIT REPORTS

For the Year Ended June 30, 2025

UTE PASS BOARD OF COOPERATIVE EDUCATIONAL SERVICES
TABLE OF CONTENTS
JUNE 30, 2025

	Page
Independent Auditors' Report	<i>ii</i>
Single Audit:	
Schedule of Expenditures of Federal Awards	1
Notes to the Schedule of Expenditures of Federal Awards	2
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	5
Schedule of Findings and Questioned Costs	8
Summary Schedule of Prior Audit Findings	11
Corrective Action Plan	12



INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Ute Pass Board of Cooperative Educational Services

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

We have audited the schedule of expenditures of federal awards of Ute Pass Board of Cooperative Educational Services for the year ended June 30, 2025, and the related notes (the schedule).

In our opinion, the accompanying schedule of expenditures of federal awards presents fairly, in all material respects, the expenditures of federal awards of Ute Pass Board of Cooperative Educational Services for the year ended June 30, 2025, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We are required to be independent of Ute Pass Board of Cooperative Educational Services and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the schedule 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 the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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, *Government Auditing Standards*, and the Uniform Guidance 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 schedule.

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 risks of material misstatement of the schedule, 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 schedule.
- 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 Ute Pass Board of Cooperative Educational Services' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

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.

Hoelting & Company, Inc.

Colorado Springs, Colorado
February 9, 2026

**UTE PASS BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Additional Award Identification	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Education					
Passed Through Colorado Department of Education					
<i>Special Education Cluster</i>					
Special Education: Grants to States IDEA Part B	84.027		4027	\$ -	\$ 857,339
Special Education: Preschool Grants	84.173		4173		25,183
<i>Total Special Education Cluster</i>					<u>882,522</u>
Education Stabilization Fund					
ESSER III	84.425U	COVID-19	4418		31,850
Total U.S. Department of Education					<u>914,372</u>
Total Federal Awards				<u>\$ -</u>	<u>\$ 914,372</u>

See the accompanying independent auditors' report.

**UTE PASS BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Ute Pass Board of Cooperative Educational Services under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Ute Pass Board of Cooperative Educational Services, it is not intended to and does not present the financial position, changes in net position, or cash flows of Ute Pass Board of Cooperative Educational Services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified-accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

Ute Pass Board of Cooperative Educational Services has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



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

To the Board of Education
Ute Pass Board of Cooperative Educational Services

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Ute Pass Board of Cooperative Educational Services, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Ute Pass Board of Cooperative Educational Services' basic financial statements, and have issued our report thereon dated December 19, 2025.

Report on Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

Ute Pass Board of Cooperative Educational Services' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Ute Pass Board of Cooperative Educational Services' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Ute Pass Board of Cooperative Educational Services' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Hoelting & Company, Inc.

Colorado Springs, Colorado
February 9, 2026



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

To the Board of Education
Ute Pass Board of Cooperative Educational Services

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ute Pass Board of Cooperative Educational Services' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Ute Pass Board of Cooperative Educational Services' major federal programs for the year ended June 30, 2025. Ute Pass Board of Cooperative Educational Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Ute Pass Board of Cooperative Educational Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Ute Pass Board of Cooperative Educational Services' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Ute Pass Board of Cooperative Educational Services' compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Hoelting & Company, Inc.

Colorado Springs, Colorado
February 9, 2026

**UTE PASS BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs?

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

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

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
ALN 84.027 & 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? yes no

**UTE PASS BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

Section II—Financial Statement Findings

2025-001 Year-End Closing Procedures

Criteria: Year-end closing procedures should include a review of transactions at or near year-end to ensure activity is recorded in the correct accounting period. A closing process should be in place that requires all balance sheet and other significant accounts in each fund be reconciled to supporting schedules.

Condition: We noted that financial information included errors in certain balance sheet accounts and other significant accounts that warrant additional attention to monitoring and closing processes. These errors caused misstatements on both the balance sheet and the statement of revenues, expenditures, and changes in fund balance. Unearned revenue balances have been carried over from year to year and are not being cleared appropriately.

Context: This finding was noted during substantive testing of balance sheet and other significant accounts.

Effect: Misstated balances in balance sheet and other significant accounts.

Cause: Lack of effective closing procedures.

Recommendation: We recommend that management should develop year-end closing procedures that provide for review of transactions and balances for appropriate accounting treatment and should define the responsibilities of performing those procedures. We also recommend that management spends down the unearned revenue balances or return the funds.

Management response: Management will continue to implement procedures that provide for improved closing processes and a more thorough review of financial statements and supporting schedules as staffing allows.

2025-002 Segregation of Duties

Criteria: Segregation of duties should be implemented throughout the finance department. There should be proper segregation of duties to ensure that no one person has the ability to initiate, authorize and record financial transactions.

Condition: A single member of management has the ability to record adjusting journal entries, authorize and initiate payments, and perform reconciliations.

Context: This finding was noted during procedures to understand and test control procedures.

Effect: A heightened risk of misstatements due to error or fraud exists under this condition.

Cause: Controls over authorization, initiation and recording have not been fully implemented.

Recommendation: We recommend the preparation and review of journal entries, the authorization and initiation of payments, and the performance of account reconciliations be segregated between different staff members.

**UTE PASS BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

2025-002 Segregation of Duties (Continued)

Management response: Management will segregate duties where possible and will consider implementing compensating controls where segregation is not possible.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.

**UTE PASS BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the Ute Pass Board of Cooperative Educational Services Schedule of Findings and Questioned Costs for the year ended June 30, 2024. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2025 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

<u>Finding Number</u>	<u>CFDA Number</u>	<u>Program/Cluster Title</u>	<u>Finding</u>	<u>Status of Finding</u>
2024-001	NA	NA	Year-End Closing Procedures	Not corrected. Reported as finding 2025-001. See page 9.
2024-002	NA	NA	Segregation of Duties	Not corrected. Reported as finding 2025-002. See page 9.

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2025**

2025-001 Year-end Closing Procedures

Criteria: Year-end closing procedures should include a review of transactions at or near year-end to ensure activity is recorded in the correct accounting period. A closing process should be in place that requires all balance sheet and other significant accounts in each fund be reconciled to supporting schedules.

Condition: We noted that financial information included errors in certain balance sheet accounts and other significant accounts that warrant additional attention to monitoring and closing processes. These errors caused misstatements on both the balance sheet and the statement of revenues, expenditures, and changes in fund balance. Unearned revenue balances have been carried over from year to year and are not being cleared appropriately.

Management Response and Planned Corrective Actions Criteria: Management agrees with this finding but currently has insufficient personnel/budget resources to implement this control.

Responsibility for Corrective Action: Suzi Thompson, CFO

Anticipated Completion Date: NA

2025-002 Segregation of Duties

Criteria: Segregation of duties should be implemented throughout the finance department. There should be proper segregation of duties to ensure that no one person has the ability to initiate, authorize and record financial transactions.

Condition: A single member of management has the ability to record adjusting journal entries, authorize and initiate payments, and perform reconciliations.

Management Response and Planned Corrective Actions Criteria: Management agrees with this finding but currently has insufficient personnel/budget resources to implement this control.

Responsibility for Corrective Action: Suzi Thompson, CFO

Anticipated Completion Date: NA