

**NORTHEAST COLORADO BOARD
OF COOPERATIVE EDUCATIONAL SERVICES
HAXTUN, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended
June 30, 2023**

**NORTHEAST COLORADO
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
HAXTUN, COLORADO**

ROSTER OF OFFICIALS

Year Ended June 30, 2023

Governing Board

BOCES

Akron R-1
Buffalo RE-4J
Frenchman RE-3
Haxtun RE-2J
Holyoke RE-1J
Julesburg RE-1
Lone Star #101
Otis R-3
Plateau RE-5
Revere School BOCES
Wray RD-2
Yuma -1

Board Member

Fred Raish
Jason Adamson
Christa Lousberg
Abby Henry
Justin Clayton
Kyla Kizer
Brian Kuntz
Beth Wells
Jeff Long
Rob McClary
Grant Bledsoe
Lindsey Galles

Superintendent

Brian Christensen
Lonnie Brungardt
Steve McCracken
Marsha Cody
Kyle Stumpf
Shawn Ehnes
Michael Bowers
Tracey Kinney
Jeff Durbin
Sandra Rahe
Levi Kramer
Dianna Chrisman

Management

Tamara Durbin	Executive Director
Michelle Patterson	Director of Special Education
Alan Nall	Director of Secondary Support Services
Anthonya Kahrs	Director of Instruction, Accountability & Learning
Roxanne Weers	Director of Business Services

**NORTHEAST COLORADO
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
HAXTUN, COLORADO**

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FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information - Unaudited)

NORTHEAST COLORADO BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

Year Ended June 30, 2023

The discussion and analysis of Northeast Board of Cooperative Educational Services' (the "BOCES") financial performance provides an overall review of the BOCES' financial activities for the fiscal year ended June 30, 2023. 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, budgetary comparison schedules and additional supplementary information to broaden their understanding of the BOCES' financial performance.

Financial Highlights

The BOCES' annual budget was developed via discussions with the Superintendents' Advisory Committee (SAC) with input and approval by the BOCES Board. The initial BOCES' adopted annual budget amounts were similar to the prior fiscal year budget. After the original adoption of the budget, additional revenue and expenditures were added to the budget as a result of competitive grant awards. Increases in revenue, due to receipt of competitive grants, allowed the BOCES to provide enhanced services to member school districts.

In preparing the budget, the BOCES anticipated an approximate \$500,000 increase in revenue from the Exceptional Children's Educational Act (ECEA) allocation from the State as a result of the passage of SB22-127. Cares Act, ESSER allocations, Covid-19 related, were in the budget and are one-time funds. Local BOCES assessments were increased by 3.5% consistent with the inflationary increase in the School Finance Act and pupil growth.

The BOCES currently has an adequate fund balance in the General Fund with enough cash on hand to meet BOCES spending obligations before reimbursement from federal programs. In planning for this budget, there was no plan to use fund balance as revenue. The focus was on using anticipated revenues to meet budgetary obligations of BOCES programs and services.

Salary and Benefits make up the greatest portion of the BOCES budget and are a top priority. Personnel were provided an annual step increase of \$500 for classified, Associate of Science, and Bachelor level staff, an annual step increase of \$700 for Master's level staff, and a percentage increase ranging from 1.5% to 3% for employees not on the salary schedule. Additionally, personnel received extra duty pay in the amount of \$1500 for full-time employees for the added work of cleaning and sanitizing of work spaces to mitigate the spread of Covid-19. The extra duty pay amount was pro-rated for part-time employees.

Health insurance costs were budgeted with a 6.8% increase. The BOCES retained payment of employee's portion of PERA costs at 2%, a practice which started during the 2020-2021 budget year. Personnel recruitment and retention continues to be a priority. Competitive wage and access to benefits is always a goal. At this time, there are no plans to increase personnel, however, there will be new hires due to resignations and retirement.

Using the Basic Financial Statements

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

The first two statements are government-wide financial statements - the Statement of Net position and the Statement of Activities. Both provide long and short-term information about the BOCES' overall financial status. The remaining statements are fund financial statements that focus on individual parts of the BOCES' operations in more detail. The governmental fund statements tell how general BOCES services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

NORTHEAST COLORADO BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) Required Supplementary Information (RSI) Year Ended June 30, 2023

Financial Analysis of the BOCES as a Whole

The BOCES' total net position was (\$992,827) as of June 30, 2023.

The Governmental Activities has an overall net position deficit of (\$992,827) and an unrestricted net position Deficit of (\$1,660,864), primarily due to adding the PERA net pension liability of (\$5,813,827), and net OPEB liability of (\$197,464) as further described in Note 5. As the BOCES has no control over pension benefits or contribution rates, the BOCES expects this deficit net position to continue for the foreseeable future.

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 statements of net position include all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

Governmental Activities - The BOCES' programs and services are reported here including instruction, support services, operations and maintenance and extracurricular activities.

A condensed summary of the BOCES' net position is as follows:

	2023	2022
Assets:		
Current Assets	\$ 4,599,160	\$ 4,105,666
Capital Assets – Net	644,262	518,840
Deferred Outflows of Resources	2,415,199	1,298,153
Capital Assets & Deferred Outflows of Financial Resources	<u>7,658,621</u>	<u>5,922,659</u>
Liabilities:		
Current Liabilities	771,853	761,686
Non-current Liabilities	5,987,216	4,424,603
Deferred Inflows of Resources	1,892,379	2,242,629
Total Liabilities & Deferred Inflows of Financial Resources	<u>8,651,448</u>	<u>7,428,918</u>
Net Position:		
Net Invested in Capital Assets	668,037	494,884
Unrestricted Net Position	(1,660,864)	(2,001,143)
Total Net Position(Deficit)	<u>(992,827)</u>	<u>(1,506,259)</u>
Total Liabilities, Deferred Outflows and Net Position	<u>\$ 7,658,621</u>	<u>\$ 5,922,659</u>

A small portion of the BOCES' net position are invested in capital assets (equipment and buildings). The remaining unrestricted net position are available for future revenue shortfall and grant matching.

NORTHEAST COLORADO BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 Required Supplementary Information (RSI)
 Year Ended June 30, 2023

A condensed Statement of Activities and Changes in Net position is as follows:

	2023	2022
Program Revenues:		
Charges for Services	\$ 2,749,463	\$ 2,362,744
Operating Grants	6,451,648	4,956,075
Capital Grants & Contributions	854,882	357,404
Total Program Revenues	<u>10,055,993</u>	<u>7,676,223</u>
General Revenues:		
Investment Earnings	32,699	1,657
Miscellaneous Revenues	135,204	182,625
Total General Revenues	<u>167,903</u>	<u>184,282</u>
Total Revenues	<u>10,223,896</u>	<u>7,860,505</u>
Expenses:		
Instruction	3,663,016	2,516,047
Supporting Services	6,047,448	2,584,461
Total Expenses	<u>9,710,464</u>	<u>5,100,508</u>
Change in Net Position	513,432	2,759,997
Net Position - Beginning	<u>(1,506,259)</u>	<u>(4,266,256)</u>
Net Position Ending	<u>\$ (992,827)</u>	<u>\$ (1,506,259)</u>

The BOCES total net position decreased by \$513,432 as a result of current operations, districts contributing larger amounts and PERA liability.

Reporting the BOCES' Most Significant Fund

The BOCES' major fund is the general fund. The BOCES records all activity in this fund. This fund uses an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed short-term view of the BOCES' general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds.

NORTHEAST COLORADO BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 Required Supplementary Information (RSI)
 Year Ended June 30, 2023

Fund Financial Statements

As of June 30, 2023, the BOCES' governmental general fund reported a fund balance of \$3,827,307.

The following is additional information by programmatic area:

Local revenues were \$2,678,944, State support was \$4,468,561, and federal revenues were \$2,836,028.

Capital Assets

The BOCES recorded depreciation of \$32,866 during the fiscal year.

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Governmental activities				
Capital assets being depreciated:				
Buildings	360,566	175,296	-	535,862
Equipment	466,420	-	-	466,420
Lease assets	19,390	-	-	19,390
Total capital assets being depreciated	846,376	175,296	-	1,021,672
Less accumulated depreciation:				
Buildings	(186,206)	(11,460)	-	(197,666)
Equipment	(137,062)	(38,218)	-	(175,280)
Lease assets	(4,268)	(196)	-	(4,464)
Total accumulated depreciation	(327,536)	(49,874)	-	(377,410)
Net Governmental Capital Assets	\$ 518,840	\$ 125,422	\$ -	\$644,262

Debt Administration

In May 2017, the BOCES entered into a lease agreement for \$27,155 to purchase a copier. Monthly payment of \$525 are due through May 2022, at an interest rate of 6%. Equipment with a remaining book value of \$27,155 has been capitalized under this lease.

	Balance July 1, 2022	Advances	Payments	Balance June 30, 2023	Due Within One Year	Interest Expense
Governmental Activities:						
2001 Ground Lease Payment	\$ 23,956	\$ -	\$ (119)	\$ 24,075	\$ 300	\$ 419

NORTHEAST COLORADO BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) Required Supplementary Information (RSI) Year Ended June 30, 2023

General Fund Budget

The Board adopts the BOCES' budget in May of each year. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional revenues are received. The majority of changes to the General Fund budget are due to revisions in grant allocations that occur subsequent to the original adoption of the budget.

Economic Factors and Next Year's Budget

A BOCES exists when any two school districts come together with a shared purpose. BOCES exist to bring value to each member district, offering cost-savings, and the opportunity to pool smaller allocations to access vast resources. District money goes further when it is pooled through cooperative efforts. Our BOCES value relies on strong leadership, high quality personnel who serve students and schools, consistent and reliable support to school districts, and responsible fiscal management of resources.

The Northeast Colorado BOCES adjusts services to meet the needs of the districts and to meet federal and state requirements. Superintendents have expressed the continued need for high-quality personnel, professional development, alternative teacher licensure, teacher recruitment/retention, federal program implementation, mental health support, gifted/talented facilitation and a wide range of special education services. There is interest in continued pursuit of revenue via competitive grants to enhance services and supports.

BOCES provides these through five sources of revenue.

District Assessments	21%
State Funding	39%
Federal Funding	29%
Grants	0%
Other Sources of Revenue	11%

The BOCES anticipates that the core programs and services will remain consistent into next year. Inflation projections of 8% will present challenges as costs of services are rising. Fiscal management of resources will be especially important to mitigate these increases, using available revenues. Our small rural school districts have been hit hardest by the State's Budget Stabilization Factor and the added costs related to mitigation of COVID-19. Despite these challenges, the BOCES will maintain quality programming for our students and for member school district staff.

We are continually adjusting programs accordingly with the budget and grants received. All programs, services and related costs are approved by the Board of Directors through the recommendations of the Superintendents Advisory Committee, or Executive Director. Northeast Colorado BOCES will continue to fund, deliver and support educational and instructional programs to enable member districts to meet the needs of students and staff. Northeast Colorado BOCES will also continue to apply for any and all eligible funds as applicable.

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 Business Manager, PO Box 98, Haxtun, CO 80731.

Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Directors
Northeast Colorado Board of Cooperative Educational Services
Haxtun, Colorado

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of the governmental activities and major fund of Northeast Colorado Board of Cooperative Educational Services, as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise Northeast Colorado Board of Cooperative Educational Services basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Northeast Colorado Board of Cooperative Educational Services as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Northeast Colorado Board of Cooperative Educational Services and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related 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 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 the 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 Northeast Colorado Board of Cooperative Educational Services ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility 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 risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on 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 Northeast Colorado 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt Northeast Colorado Board of Cooperative Educational Services 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.

Report on Summarized Comparative Information

We have previously audited the Northeast Colorado Board of Cooperative Educational Services 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 financial statements as a whole.

Other Reporting Required by Governmental Accounting Standards

In accordance with *Governmental Accounting Standards* on our consideration of the Northeast Colorado Board of Cooperative Educational Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northeast Colorado Board of Cooperative Educational Services' internal control over financial reporting and compliance.

Mayberry & Company, LLC

Englewood, Colorado
November 28, 2023

Basic Financial Statement

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Assets	
Current Assets	
Cash and Investments	\$ 3,290,291
Grants Receivable	1,218,616
Other Accounts Receivable	90,253
Capital and Other Assets	
Capital Assets Being Depreciated, net	644,262
Total Assets	<u>5,243,422</u>
Deferred Outflows of Financial Resources	
Net Pension Deferred Outflows	2,360,285
Net OPEB Deferred Outflows	54,914
Total Deferred Outflows of Financial Resources	<u>2,415,199</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>\$ 7,658,621</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 89,208
Accrued Salaries & Benefits	382,512
Unearned Revenue Grants	300,133
Noncurrent Liabilities	
Due Within One Year	(300)
Due In More Than One Year	5,987,516
Total Liabilities	<u>6,759,069</u>
Deferred Inflows of Financial Resources	
Net Pension Deferred Inflows	1,802,402
Net OPEB Deferred Inflows	89,977
Total Deferred Inflows of Financial Resources	<u>1,892,379</u>
Net Position	
Net Investment in Capital Assets	668,037
Unrestricted Net Position	<u>(1,660,864)</u>
Total Net Position	<u>(992,827)</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS AND NET POSITION	<u>\$ 7,658,621</u>

The accompanying footnotes are an integral part of these financial statements.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

Statement of Activities

For the Year Ended June 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government				
Governmental Activities				
Instruction	\$ 3,663,016	\$ -	\$ 3,821,585	\$ -
Supporting Services	6,047,448	2,749,463	2,630,063	854,882
Total Primary Government	\$ 9,710,464	\$ 2,749,463	\$ 6,451,648	\$ 854,882
General Revenues				
Investment Earnings				32,699
Other Revenues				135,204
Total General Revenues and Transfers				167,903
Change in Net Position				513,432
Beginning Net Position				(1,506,259)
Ending Net Position				\$ (992,827)

The accompanying footnotes are an integral part of these financial statements.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Balance Sheet
Governmental Funds
General Fund
June 30, 2023
(With Comparative Totals for June 30, 2022)

	<u>Totals</u>	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Investments	\$ 3,290,291	\$ 3,033,416
Grants Receivable	1,218,616	864,899
Other Accounts Receivable	90,253	207,351
TOTAL ASSETS	<u>\$ 4,599,160</u>	<u>\$ 4,105,666</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 89,208	\$ 65,773
Accrued Salaries & Benefits	382,512	383,286
Unearned Revenue Grants	300,133	312,627
Total Liabilities	<u>771,853</u>	<u>761,686</u>
Fund Balance		
Unassigned Fund Balance	<u>3,827,307</u>	<u>3,343,980</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 4,599,160</u>	<u>\$ 4,105,666</u>

The accompanying footnotes are an integral part of these financial statements.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2023

Fund Balance - Governmental Funds \$ 3,827,307

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds

Capital assets, being depreciated	\$ 1,021,672	
Accumulated depreciation	(377,410)	644,262

Certain long-term pension and OPEB related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds

Pension Liability

Net pension deferred outflows	2,360,285	
Net pension liability	(5,813,827)	
Net pension deferred inflows	(1,802,402)	(5,255,944)

OPEB Liability

Net OPEB deferred outflows	54,914	
Net OPEB liability	(197,464)	
Net OPEB deferred inflows	(89,977)	(232,527)

Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.

Capital leases payable	24,075	
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Total Net Position - Governmental Activities	\$ (992,827)
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The accompanying footnotes are an integral part of these financial statements.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
General Fund
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	<u>Totals</u>	
	<u>2023</u>	<u>2022</u>
REVENUES		
Local Sources	\$ 2,919,307	\$ 2,547,025
State Sources	4,468,561	3,216,260
Federal Sources	2,836,028	2,097,220
TOTAL REVENUES	<u>10,223,896</u>	<u>7,860,505</u>
EXPENDITURES		
Current:		
Instruction	3,609,437	3,024,257
Pupil Support	1,828,810	1,523,433
Staff Support	1,775,354	1,009,823
General Administration	269,452	168,554
School Administration	102,421	119,817
Business Services	700,818	631,586
Operations and Maintenance	947,176	421,555
Other Central Support	84,737	152,455
Risk Management	32,175	29,851
Other Supporting Services	160,637	157,841
Community Support	54,784	57,902
Debt Service	-	6,670
TOTAL EXPENDITURES	<u>9,740,569</u>	<u>7,303,744</u>
CHANGE IN FUND BALANCE	483,327	556,761
BEGINNING FUND BALANCE	3,343,980	2,787,219
ENDING FUND BALANCE	<u>\$ 3,827,307</u>	<u>\$ 3,343,980</u>

The accompanying footnotes are an integral part of these financial statements.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2023

Change in Fund Balance - Governmental Funds		\$ 483,327	
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	\$ 175,296		
Depreciation Expense	<u>(49,874)</u>	125,422	
Pension and OPEB expense at the fund level represent cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.			
Pension Liability			
Current year change and amortization of deferred outflows - net	1,094,497		
Change in net pension liability	<u>(1,615,612)</u>		
Current year change and amortization of deferred inflows - net	346,528	(174,587)	
OPEB Liability			
Current year change and amortization of deferred outflows - net	22,549		
Change in OPEB liability	4,968		
Current year change and amortization of deferred inflows - net	<u>3,722</u>	31,239	
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level.			
Principal payments on capital leases			<u>48,031</u>
Total Net Position - Governmental Activities			<u>\$ 513,432</u>

The accompanying footnotes are an integral part of these financial statements.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Northeast Colorado Board of Cooperative Educational Services (the BOCES) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the BOCES' management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and as subsequently amended.

Based upon the application of these criteria, no governmental organizations are includable within the BOCES' reporting entity.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the BOCES as a whole. The reporting information includes all of the non-fiduciary activities of the BOCES. These statements are used to distinguish between the governmental and business-type activities of the BOCES. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The BOCES does not report any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the BOCES and for each function of the BOCES' governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the BOCES' funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds would be aggregated and reported as non-major funds. Any fiduciary funds are presented separately. The BOCES presently does not treat any of its funds as non-major, and does not have any proprietary or fiduciary funds.

The BOCES reports the following major governmental fund:

General Fund - This fund is the general operating fund of the BOCES. It is used to account for all financial resources.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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 at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the BOCES gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The BOCES considers all revenues reported in the governmental funds to be available as allowed by the per pupil operating revenue formula approved by the State legislature or within sixty days after year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end. The BOCES adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

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

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance

Cash - The BOCES pools cash resources of its various operations in order to facilitate the management of cash. Cash is pooled in interest bearing accounts which are legally authorized. Cash applicable to a particular operation is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

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

Capital Assets – Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds.

Property and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation has been provided over the estimated useful lives of the asset in the government-wide presentation. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings	50 years
Other Equipment	7 years

Long-Term Debt – The BOCES capital lease is shown as an expenditure in the General Fund. For the government-wide presentation, principal payments are reclassified as reductions in the outstanding obligation balances.

Unearned Revenues - The unearned revenues include governmental grants and other donations which have been received but not yet earned as service has not been provided.

Vacation, Sick Leave, and Other Compensated Absences - The BOCES employees do not vest in compensated absences for vacation, sick leave or other compensated absences unless specifically authorized by the Executive Director on a case by case basis. No material leave carryovers existed as of June 30, 2023.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category all related to outstanding pension and OPEB obligations and further described in Notes 6 and 8.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The BOCES reports deferred inflows for pension and OPEB related deferrals as further described in Notes 6 and 8. The BOCES also reports deferred inflows related to unspent grant and donation receipts.

Net Position/Fund Balances

In the government-wide financial statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance is reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors, is reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining fund balance in the General Fund is presented as unassigned.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Revenues and Expenditures/Expenses

Revenues and Expenditures/Expenses – Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

NOTE 2: CASH AND INVESTMENTS

A summary of deposits and investments at June 30, 2023, follows:

Cash deposits	\$ 1,994,035
Investments	<u>1,296,256</u>
Total Cash and Investments	<u>\$ 3,290,291</u>

Deposits

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2023, State regulatory commissioners have indicated that all financial institutions holding deposits for the BOCES are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

Deposits are categorized by type of credit risk: (1) Insured or collateralized with securities held by the entity or by its agent in the entity's name. (2) Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. (3) Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.

	Bank Balance	Carrying Balance
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized (Not held in the BOCES' name)	<u>2,328,502</u>	<u>1,744,035</u>
Total	<u>\$ 2,578,502</u>	<u>\$ 1,994,035</u>

Investments

The BOCES had invested in the Colorado Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of Colotrust consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions of Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by Colotrust. The fair value of the position in the pool is the same as the valuation of the pool shares.

Cash Invested – Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The allowed investments include local government investment pools and obligations of the United States Government.

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

Credit Risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations.

The BOCES has no investments policy that would further limit its investment choices. At June 30, 2023 the BOCES' investment in the Colorado Government Liquid Assets Trust (Colotrust) was rated AAAM by Standard & Poor's.

Concentration of Credit Risk – The BOCES Board has placed no limit on the amount the BOCES may invest in any one issuer.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3: CAPITAL ASSETS

Activity for governmental activity capital assets is summarized below:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Governmental activities				
Capital assets being depreciated:				
Buildings	\$ 360,566	\$ 175,296	\$ -	\$ 535,862
Equipment	466,420	-	-	466,420
Lease assets	19,390	-	-	19,390
Total capital assets being depreciated	<u>846,376</u>	<u>175,296</u>	<u>-</u>	<u>1,021,672</u>
Less accumulated depreciation:				
Buildings	(186,206)	(11,460)	-	(197,666)
Equipment	(137,062)	(38,218)	-	(175,280)
Lease assets	(4,268)	(196)	-	(4,464)
Total accumulated depreciation	<u>(327,536)</u>	<u>(49,874)</u>	<u>-</u>	<u>(377,410)</u>
Net Governmental Capital Assets	<u>\$ 518,840</u>	<u>\$ 125,422</u>	<u>\$ -</u>	<u>\$ 644,262</u>

Depreciation has been allocated for the statement of activities as follows:

Depreciation Allocation	
Instruction	\$ 17,687
Supporting Services	<u>32,187</u>
Total	<u>\$ 49,874</u>

The BOCES' policy is to capitalize and inventory annually all capital assets with a unit value of or greater than \$5,000 with an estimated useful life of or greater than one year.

NOTE 4: ACCRUED SALARY AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2023, are \$382,512. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 5: LONG TERM OBLIGATIONS

A summary of changes in long term obligations for the year ended June 30, 2023:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>	<u>Interest</u> <u>Expense</u>
<u>Governmental Activities:</u>						
2001 Ground Lease Payment	\$ 23,956	\$ -	\$ (119)	\$ 24,075	\$ 300	\$ 419

Ground Lease

In July 2000, the BOCES entered into a Ground Lease agreement for \$19,390. The property shall be used only for educational and school purposes, including use as administrative offices for the BOCES. Annual payments between \$300-\$1,000 are due from June 2000 through June 2099, at an estimated interest rate of 1.75%. The BOCES are not expected to cover the imputed interest until 2041. In the event of default, the lessor may terminate the lease or pursue other remedies permitted by this lease or by law.

The future minimum asset lease payments at June 30, 2023, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$ 300
2025	300
2026	300
2027	300
2028	300
2029-2033	1,700
2034-2038	2,000
2039-2043	2,200
2044-2048	2,500
2049-2053	2,700
2054-2058	3,000
2059-2063	3,200
2064-2068	3,500
2069-2073	3,700
2074-2078	4,000
2079-2083	4,200
2084-2088	4,500
2089-2093	4,700
2094-2098	5,000
2099-2100	2,000
Payments	50,400
Less: Interest at 1.75%	(26,325)
Present Value of Payments	\$ 24,075

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. BOCES participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. As of June 30, 2023 XX employees were members of the PERA Plan.

General Information about the Pension Plan

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

Benefits provided as of December 31, 2022. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

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

Contributions provisions as of June 30, 2023: Eligible employees of, the BOCES and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

	1/1/22- 6/30/22	7/1/22- 12/31/22
Employer contribution rate	10.90%	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.88%	10.38%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	5.50%	5.50%
Total employer contribution rate to the SCHDTF	19.88%	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the BOCES were \$495,769 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

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

The net pension liability for the SCHDTF was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The BOCES proportion of the net pension liability was based on the BOCES contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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)

At June 30, 2023 the BOCES reported a liability of \$5,813,827 for its proportionate share of the net pension liability that reflected a reduction in its overall proportionate share of the liability due to support from the State as a nonemployer contributing entity. The amount recognized by the BOCES as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the BOCES were as follows:

District's proportionate share of the net pension liability	\$ (5,813,827)
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$ (1,311,905)
Total	\$ (7,125,732)

At December 31, 2022, the BOCES proportion was 0.03193%, which was a decrease of 0.00415% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the BOCES recognized pension expense of \$670,147 and revenue of \$1,311,905 for support from the State as a nonemployer contributing entity. At June 30, 2023, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 64,522	\$ -
Changes of assumptions or other inputs	\$ 123,445	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 1,817,118	\$ (1,186,737)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 119,492	\$ (615,665)
Contributions subsequent to the measurement date	\$ 235,708	\$ -
Total	\$ 2,360,285	\$ (1,802,402)

\$235,708 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Fiscal Year Totals
2023	\$ (140,692)
2024	(159,315)
2025	167,903
2026	454,279
Total	\$ 322,175

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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)

Actuarial assumptions. The TPL in the December 31, 2021, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increase, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic) ¹	1.00%
PERA benefit struture hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

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

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

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

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

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

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

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

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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)

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board 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 for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

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

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

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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)

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (7,608,300)	\$ (5,813,827)	\$ (4,315,259)

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

The BOCES has elected to cover 2% of the increase in employee contributions.

NOTE 7: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

Plan Description - Employees of the BOCES that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The BOCES does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2023 program members contributed \$71,636.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

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

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

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

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the BOCES is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from BOCES were \$25,033 for the year ended June 30, 2023.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

At June 30, 2023, the BOCES reported a liability of \$197,464 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The BOCES proportion of the net OPEB liability was based on BOCES contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the BOCES proportion was 0.02418%, which was an increase of 0.00071% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the BOCES recognized OPEB expense of \$6,513. At June 30, 2023, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 28	\$ (45,732)
of assumptions or other inputs	\$ 3,087	\$ (21,061)
Net difference between projected and actual earnings on pension plan investments	\$ 21,658	\$ (9,095)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 18,382	\$ (14,089)
Contributions subsequent to the measurement date	\$ 11,759	\$ -
	\$ 54,914	\$ (89,977)

\$11,759 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

ed June 30:	Fiscal Year Totals
	\$ (22,328)
	(17,478)
	(5,609)
	2,750
	(3,305)
	(852)
Total	\$ (46,822)

Actuarial assumptions. The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increase, including wage inflation	3.40-11.00%
Long-term investment rate of return, net of pension	7.25%
Discount rate	7.25%
Health care cost trend rates	
Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% for 2022, gradually increasing to 4.50% in 2029
Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

AGE-RELATED MORBIDITY ASSUMPTIONS		
Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A Retiree/Spouse		MAPD PPO #1 with Medicare Part A Retiree/Spouse	
	Male	Female	Male	Female
65	\$ 1,704	\$ 1,450	\$ 6,514	\$ 5,542
70	1,976	1,561	7,553	5,966
75	2,128	1,681	8,134	6,425

Sample Age	MAPD PPO #2 with Medicare Part A Retiree/Spouse		MAPD PPO #2 with Medicare Part A Retiree/Spouse	
	Male	Female	Male	Female
65	\$ 583	\$ 496	\$ 4,227	\$ 3,596
70	676	534	4,901	3,872
75	728	575	5,278	4,169

Sample Age	MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse	
	Male	Female	Male	Female
65	\$ 1,923	\$ 1,634	\$ 6,752	\$ 5,739
70	2,229	1,761	7,826	6,185
75	2,401	1,896	8,433	6,657

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

The 2022 Medicare Part A premium is \$499 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

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

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

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

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

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board 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 for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT 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 weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

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 Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

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

Sensitivity of the BOCES 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:

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Trend Rate	1% Increase
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate share of the net OPEB asset (liability)	\$ (191,875)	\$ (197,464)	\$ (203,546)

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the BOCES 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:

Discount Rate	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (228,920)	\$ (197,464)	\$(170,560)

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

NOTE 9: RISK MANAGEMENT

Property and Liability Coverage. The BOCES belongs to the Colorado School BOCES Self Insurance Pool ("CSDSIP") that was formed in 1981 to give individual school BOCESs more buying power and financial stability. By partnering with BOCESs across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function. The coverage provided by CSDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. CSDSIP became self-administered in 1997. The board of directors is comprised of nine persons who are BOCES school board members, superintendents, or BOCES business officials. Each member's premium contribution is determined by CSDSIP based on factors including, but not limited to, the aggregate CSDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income and reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuarial study is conducted annually. These reports may be obtained by contacting the CSDSIP administrative offices at 6857 South Spruce Street, Centennial, CO 80112. The BOCES has not materially changed its coverage from previous years. The BOCES has not recorded any liability for unpaid claims at June 30, 2023.

As discussed previously the BOCES is a member of the Colorado School BOCESs' Self-Insurance Pool. The pool has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members.

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

Worker's Compensation. The BOCES purchases commercial insurance for its workers compensation coverage. Claims have not exceeded coverage during the past three years.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 9: RISK MANAGEMENT (Continued)

Health Insurance. The BOCES participates in the Colorado Boards of Education Self-Funded Trust, Inc. ("BEST") for its employee health coverage. BEST was formed to assist individual school BOCESs and BOCES in acquiring favorable rates for health care benefits as well as access to major health care providers by pooling coverage for multiple BOCESs. BEST is funded through contributions from member BOCESs and obtains stop loss coverage for claims in excess of predetermined limits. To join the trust, member employers agree to exclusively offer the BEST health plans to their employees and accept certain financial risk for offering such health benefit plans. The underwriting manual describes how financial risk is attributed to each member employer, the basis for the monthly contribution calculation, financial contribution requirements and financial reconciliation upon termination. Financial contributions in the form of monthly contributions and initial and annual claims fluctuation reserves are actuarially determined. BEST maintains detailed records to account for all member employer activity. In order to insure minimal funding, if BEST determines that a member employer is underfunded, BEST may utilize other member employer claims fluctuation reserves or other surpluses to offset the funding within the same tier. Each employer member is charged a minimum of 10% of its projected annual claims costs for the plan year as a claims fluctuation reserve.

This BOCES exposure as a Tier 1 member employer is for incurred claims up to \$24,999 per year for level one risk claims and the employer level, and level two risk is from \$25,000 to \$49,999 shared at the tier level (all tier members share in the risk). If at any point, the member employer's level one fund is insufficiently funded to pay incurred claims, BEST may transfer assets from the claims fluctuation reserve, or request the employer to immediately provide additional funds, or BEST may require funding within four months from the date of notice.

Effective with the June 30, 2015 fiscal year, BEST no longer provides claim activity; however, the BOCES has not been notified that they have a negative reserve balance as of June 30, 2023. Should the balance become negative the BOCES recognizes that funding may be required should they terminate membership in BEST.

NOTE 10: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES AND COMPLIANCE

Claims and Judgments - The BOCES participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the BOCES may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited by state and federal agencies, but the BOCES believes that disallowed expenditures, if any, based on subsequent state and federal audits will not have a material effect on any of the individual governmental funds or the overall financial position of the BOCES.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 10: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES
AND COMPLIANCE (Continued)

TABOR Amendment - In November 1992, Colorado voters passed the TABOR Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limits. The amendment does not specifically address BOCES. However, several legal opinions have been issued stating that a BOCES itself is not subject to the requirements and restrictions of the TABOR amendment. There have been several recent court cases with organizations similar to BOCES, where the court has found that these organizations are not subject to TABOR since they are not a municipality and do not exercise independent "Government" power. However, in virtually all situations BOCES will be impacted to the degree that their member BOCESs are impacted by the restrictions of TABOR. A BOCES does not need to maintain emergency reserves required by TABOR and expenditures can fluctuate independently of TABOR.

NOTE 11: DEFICIT NET POSITION

The Governmental Activities has an overall net position deficit of \$992,827 and an unrestricted net position deficit of \$1,660,864, primarily due to adding the PERA net pension liability of \$5,813,827 and related net deferrals, and net OPEB liability of \$197,464, as further described in Notes 6 and 8. As the BOCES has no control over pension benefits or contribution rates, the BOCES expects this deficit net position to continue for the foreseeable future.

REQUIRED SUPPLEMENTARY INFORMATION
(Pension and OPEB Schedules - Unaudited)

**NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF THE BOCES' PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years**

<u>Fiscal Year</u>	<u>BOCES' proportion of the net pension asset (liability)</u>	<u>BOCES' proportionate share of the net pension asset (liability)</u>	<u>Non-employer contributing entity's total proportionate share of the net pension asset (liability)</u>	<u>Total proportionate share associated with BOCES</u>	<u>BOCES' covered payroll</u>	<u>BOCES' proportionate share of the net pension asset (liability) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
June 30, 2014	0.000494%	\$ (6,303,888)	\$ -	\$ (6,303,888)	\$ 1,992,395	316.40%	64.07%
June 30, 2015	0.049424%	\$ (6,898,632)	\$ -	\$ (6,898,632)	\$ 2,070,518	333.18%	62.84%
June 30, 2016	0.048356%	\$ (7,395,593)	\$ -	\$ (7,395,593)	\$ 2,107,312	350.95%	59.16%
June 30, 2017	0.046198%	\$ (13,754,903)	\$ -	\$ (13,754,903)	\$ 2,050,821	670.70%	43.13%
June 30, 2018	0.452710%	\$ (14,638,917)	\$ -	\$ (14,638,917)	\$ 2,088,282	701.00%	43.96%
June 30, 2019	0.036898%	\$ (6,533,585)	\$ (785,914)	\$ (7,319,499)	\$ 2,028,495	322.09%	57.01%
June 30, 2020	0.034907%	\$ (5,215,057)	\$ (587,009)	\$ (5,802,066)	\$ 2,038,137	255.87%	64.52%
June 30, 2021	0.038272%	\$ (5,785,881)	\$ -	\$ (5,785,881)	\$ 1,067,926	541.79%	66.99%
June 30, 2022	0.036075%	\$ (4,198,215)	\$ (431,774)	\$ (4,629,989)	\$ 2,254,593	186.21%	74.86%
June 30, 2023	0.031928%	\$ (5,813,827)	\$ (1,311,905)	\$ (7,125,732)	\$ 2,560,930	227.02%	61.79%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

See the accompanying Independent Auditors' Report.

**NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF BOCES CONTRIBUTIONS
PERA Pension Plan
Last 10 Fiscal Years**

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>BOCES' covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2014	\$ 309,419	\$ (309,419)	\$ -	\$ 1,992,395	15.53%
June 30, 2015	\$ 340,186	\$ (340,186)	\$ -	\$ 2,070,518	16.43%
June 30, 2016	\$ 365,197	\$ (365,197)	\$ -	\$ 2,107,312	17.33%
June 30, 2017	\$ 371,814	\$ (371,814)	\$ -	\$ 2,050,821	18.13%
June 30, 2018	\$ 389,047	\$ (389,047)	\$ -	\$ 2,088,282	18.63%
June 30, 2019	\$ 388,051	\$ (388,051)	\$ -	\$ 2,028,495	19.13%
June 30, 2020	\$ 394,991	\$ (394,991)	\$ -	\$ 2,038,137	19.38%
June 30, 2021	\$ 206,964	\$ (206,964)	\$ -	\$ 1,067,926	19.38%
June 30, 2022	\$ 448,213	\$ (448,213)	\$ -	\$ 2,254,593	19.88%
June 30, 2023	\$ 495,796	\$ (495,796)	\$ -	\$ 2,560,930	19.36%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

See the accompanying Independent Auditors' Report.

**NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF THE BOCES' PROPORTIONATE SHARE OF THE
NET OPEB ASSET (LIABILITY)
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

Fiscal Year Ended	BOCES' proportion of the net OPEB asset (liability)	BOCES' proportionate share of the net OPEB asset (liability)	BOCES' covered payroll	BOCES' proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2017	0.026073%	\$ (338,042)	\$ 2,050,821	16.483%	16.70%
June 30, 2018	0.025723%	\$ (334,291)	\$ 2,088,282	16.008%	17.53%
June 30, 2019	0.023984%	\$ (326,313)	\$ 2,028,495	16.086%	17.03%
June 30, 2020	0.022814%	\$ (256,424)	\$ 2,038,137	12.581%	24.49%
June 30, 2021	0.022106%	\$ (210,059)	\$ 1,067,926	19.670%	32.78%
June 30, 2022	0.023476%	\$ (202,432)	\$ 2,254,593	8.979%	39.40%
June 30, 2023	0.024185%	\$ (197,464)	\$ 2,560,930	7.711%	38.57%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF BOCES CONTRIBUTIONS - OPEB
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>BOCES' covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2017	\$ 20,918	\$ (20,918)	\$ -	\$ 2,050,821	1.02%
June 30, 2018	\$ 21,300	\$ (21,300)	\$ -	\$ 2,088,282	1.02%
June 30, 2019	\$ 20,691	\$ (20,691)	\$ -	\$ 2,028,495	1.02%
June 30, 2020	\$ 20,789	\$ (20,789)	\$ -	\$ 2,038,137	1.02%
June 30, 2021	\$ 10,893	\$ (10,893)	\$ -	\$ 1,067,926	1.02%
June 30, 2022	\$ 22,997	\$ (22,997)	\$ -	\$ 2,254,593	1.02%
June 30, 2023	\$ 26,121	\$ (26,121)	\$ -	\$ 2,560,930	1.02%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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BUDGETARY COMPARISON SCHEDULES
(REQUIRED SUPPLEMENTARY INFORMATION)

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023			2022 Actual
	Original & Final Budget	Actual	Variance with Final Budget	
REVENUES				
Local Sources				
Investment Earnings	\$ -	\$ 32,699	\$ 32,699	\$ 1,657
Donations	-	1,941	1,941	-
Local BOCES Passthrough	2,405,141	2,424,622	19,481	2,150,169
Overhead Cost Revenue	-	75,736	75,736	47,982
Indirect Cost Revenue	254,874	249,104	(5,770)	164,593
Other Local	-	135,205	135,205	182,624
Total Local Sources	2,660,015	2,919,307	259,292	2,547,025
State Sources				
State Grants from CDE				
State ECEA (Special Education)	2,312,649	2,529,036	216,387	1,968,030
State Gifted and Talented	120,014	165,126	45,112	172,341
Expelled and At Risk Students	20,000	18,906	(1,094)	67,373
Counselor Grant	-	3,437	3,437	18,927
Implementing State Educational Priorities	167,803	159,758	(8,045)	165,602
Adult Education Grant	-	-	-	3,649
Gifted Ed - Univ Screening and Qualified Persnl	19,753	19,753	-	16,080
Expelled and At-Risk Intervention Grant	-	22,556	22,556	-
Ninth Grade Success Grant	-	-	-	3,007
Automatic Enrollment In Advanced Course Grant Prog	78,850	69,894	(8,956)	-
Local Accountability Systems Grant	46,713	46,926	213	46,713
Concurrent Enrollment Expansion and Innovation	50,000	50,000	-	50,000
Educator Recruitment and Retention Program	-	72,000	72,000	-
State Grants from Other Agencies				
State PERA Contribution	-	144,472	144,472	51,382
School to Work Alliance Program (SWAP)	240,363	240,363	-	235,350
SAFER/School Safety Grant	854,882	854,882	-	357,404
Other Agency State Grants	75,000	71,452	(3,548)	60,402
Total State Sources	3,986,027	4,468,561	482,534	3,216,260
Federal Sources				
Federal Grants from CDE				
NCLB Title I, Part A- Imp Basic Prgrms Oper by Sch	397,142	412,649	15,507	377,842
Special Education: Grnts to States - IDEA Part B	1,050,798	1,050,798	-	1,034,073
IDEA Part B- Special Education Preschool	45,933	45,933	-	47,518
NCLB Title III, Part A- Eng Lang Acq	27,205	25,166	(2,039)	23,741
NCLB Title II, Part A- Teacher & Principal Trng	46,065	36,798	(9,267)	41,170
ESSER III ARP 9.5% State Set-Aside Supplemental	151,319	82,118	(69,201)	-
ESSER II 9.5% (State Reserve)	87,517	89,624	2,107	39,384
ESSA, Title IV-A: Stud Supp and Acad Enrich Grants	85,113	84,021	(1,092)	110,891
ESSER III ARP 9.5% State Set-Aside, Rural Coaction	1,089,860	703,951	(385,909)	-
ESSER II CRSSA 9.5% State Set-Aside, Education Workforce Program	100,000	100,000	-	-
ESSER II CRSSA 9.5% State Set-Aside, Rural Program Development	3,000	3,000	-	-
Ed Stab Fd - Elem Sec Emer Relief Discretionary	-	-	-	15,989
ARP: Special Education: Grants to States IDEA	207,275	6,255	(201,020)	211,445
ARP: Individuals with Disabilities Education Act (Title III Set Aside	14,458	-	(14,458)	15,185
ARP: Individuals with Disabilities Education Act	-	-	-	3,992
ARP: Individuals with Disabilities Education Act	-	15,379	15,379	16,589
ARP Homeless Children and Youth (ARP-HCY II)	-	21,233	21,233	5,152
Federal Grants from Other State Agencies				
Carl Perkins Voc & App Tech Ed Act, Title I Voc Ed	85,841	77,746	(8,095)	78,102
Medicaid	-	-	-	1,712
Federal Provided through BOCES	80,000	81,357	1,357	74,435
Total Federal Sources	3,471,526	2,836,028	(635,498)	2,097,220
TOTAL REVENUES	10,117,568	10,223,896	106,328	7,860,505

See the accompanying Independent Auditors' Report

(Continued)

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023		Variance with Final Budget	2022
	Original & Final Budget	Actual		Actual
(Continued)				
EXPENDITURES				
Instruction				
Salaries	717,182	619,064	98,118	692,783
Benefits	253,817	246,350	7,467	238,537
PS-Professional	22,400	20,284	2,116	22,783
PS-Other	2,348,071	2,460,359	(112,288)	2,057,301
Supplies	45,200	23,017	22,183	11,018
Property	5,000	-	5,000	826
Other Expenses	-	240,363	(240,363)	1,009
Total Instruction	<u>3,391,670</u>	<u>3,609,437</u>	<u>(217,767)</u>	<u>3,024,257</u>
Supporting Services				
Pupil Support				
Salaries	1,002,901	880,369	122,532	904,609
Benefits	443,705	446,314	(2,609)	366,086
PS- Professional	393,956	230,705	163,251	36,995
PS-Other	391,621	221,233	170,388	149,906
Supplies	54,200	27,131	27,069	48,615
Property	226,810	73	226,737	-
Other Expenses	18,400	22,985	(4,585)	17,222
Total Pupil Support	<u>2,531,593</u>	<u>1,828,810</u>	<u>702,783</u>	<u>1,523,433</u>
Staff Support				
Salaries	446,756	497,236	(50,480)	426,314
Benefits	173,733	173,603	130	169,509
PS- Professional	316,991	301,408	15,583	105,112
PS-Other	468,626	561,758	(93,132)	232,172
Supplies	159,212	115,640	43,572	42,850
Property	35,841	6,500	29,341	-
Other Expenses	81,395	119,209	(37,814)	33,867
Total Staff Support	<u>1,682,554</u>	<u>1,775,354</u>	<u>(92,800)</u>	<u>1,009,824</u>
General Administration				
Salaries	166,892	150,099	16,793	83,620
Benefits	33,571	64,734	(31,163)	29,142
PS- Professional	-	40,176	(40,176)	46,461
PS-Other	12,000	7,012	4,988	8,490
Supplies	46,713	-	46,713	166
Other Expenses	900	7,431	(6,531)	675
Total General Administration	<u>260,076</u>	<u>269,452</u>	<u>(9,376)</u>	<u>168,554</u>
School Administration				
Salaries	81,512	68,348	13,164	79,189
Benefits	40,138	34,053	6,085	40,628
PS-Other	-	20	(20)	-
Total School Administration	<u>121,650</u>	<u>102,421</u>	<u>19,229</u>	<u>119,817</u>

See the accompanying Independent Auditors' Report

(Continued)

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023		Variance with Final Budget	2022
	Original & Final Budget	Actual		Actual
(Continued)				
EXPENDITURES (Continued)				
Supporting Services (Continued)				
Business Services				
Salaries	228,561	232,482	(3,921)	228,803
Benefits	91,569	91,783	(214)	87,290
PS- Professional	215,351	191,986	23,365	185,506
PS-Other	45,900	35,909	9,991	36,850
Supplies	141,505	129,273	12,232	72,835
Other Expenses	20,500	19,385	1,115	20,302
Total Business Services	743,386	700,818	42,568	631,586
Operations and Maintenance				
Salaries	20,000	14,936	5,064	12,921
Benefits	4,970	3,665	1,305	3,053
PS- Professional	319,840	314,093	5,747	24,975
PS- Property	50,002	36,990	13,012	12,573
PS-Other	-	122	(122)	25
Supplies	212,350	201,093	11,257	7,070
Property	381,392	366,457	14,935	358,926
Other Expenses	10,000	9,820	180	2,012
Total Operations and Maintenance	998,554	947,176	51,378	421,555
Transportation				
PS-Other	400	-	400	-
Other Central Support				
Salaries	-	22,273	(22,273)	18,358
Benefits	-	6,615	(6,615)	5,650
PS- Professional	25,000	25,319	(319)	65,766
PS-Other	20,800	20,771	29	48,810
Supplies	15,000	7,559	7,441	13,870
Property	15,000	2,200	12,800	-
Total Other Central Support	75,800	84,737	(8,937)	152,454
Risk Management				
PS-Other	38,745	32,175	6,570	29,851
Other Supporting Services				
Other Expenses	209,114	160,637	48,477	157,841
Total Other Supporting Services	209,114	160,637	48,477	157,841
Community Support				
Salaries	43,593	43,593	-	45,704
Benefits	10,833	10,833	-	11,166
PS- Professional	500	-	500	50
PS-Other	500	29	471	-
Supplies	1,000	329	671	982
Total Community Support	56,426	54,784	1,642	57,902
Total Supporting Services	6,718,298	5,956,364	761,934	4,272,817
Debt Service				
Interest	1,200	-	1,200	1,181
Principal	6,400	-	6,400	5,489
Total Debt Service	7,600	-	7,600	6,670
TOTAL EXPENDITURES	10,117,568	9,565,801	551,767	7,303,744
CHANGE IN FUND BALANCE	-	658,095	658,095	556,761
BEGINNING FUND BALANCE	-	3,343,980	3,343,980	2,787,219
ENDING FUND BALANCE	\$ -	\$ 4,002,075	\$ 4,002,075	\$ 3,343,980

See accompanying Independent Auditors' Report.

STATE COMPLIANCE

Colorado Department of Education
Auditors Integrity Report
 District: 9040 - Northeast BOCES
 Fiscal Year 2022-23
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (\$880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (\$880*) Ending Fund Balance
Governmental				
1000 - 5999	3,343,979	14,221,887	9,740,568	3,827,307
1000 - 5999 Sub-Total	3,343,979	14,221,887	9,740,568	3,827,307
6000 - 6799				
6000 - 6799 Sub-Total				
Totals				
6000 - 6799				
6000 - 6799 Sub-Total				
Proprietary				
6800 - 6899				
6800 - 6899 Sub-Total				
Fiduciary				
7000 - 7999				
7000 - 7999 Sub-Total				
Totals				



Colorado Department of Education
Bolded Balance Sheet Report
 District: 9040 - Northeast BOCES
 Fiscal Year 2022-23
 Colorado School District/BOCES

See accompanying Independent Auditors' Report.

	Governmental						Proprietary						Fiduciary			
	General Funds 10-12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 53-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104, 8111)	3,290,291	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,290,291
Grants Accounts Receivable (8142)	1,218,616	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,218,616
Other Receivables (8151-8154, 8161)	90,253	0	0	0	0	0	0	0	0	0	0	0	0	0	0	90,253
Total Assets	4,599,160	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,599,160

	Governmental				Proprietary				Fiduciary						
	General Funds 10.12-18	Charter School Fund 11	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
LIABILITIES & FUND EQUITY															
LIABILITIES															
Other Payables (7421-7423)	89,208	0	0	0	0	0	0	0	0	0	0	0	0	0	89,208
Accrued Expenses (7461)	382,512	0	0	0	0	0	0	0	0	0	0	0	0	0	382,512
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	300,133	0	0	0	0	0	0	0	0	0	0	0	0	0	300,133
Deferred Inflow (7800)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow Grants (7801)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	771,852	0	0	0	0	0	0	0	0	0	0	0	0	0	771,852

Governmental Proprietary Fiduciary

FUND EQUITY

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR 3% Emergency Reserve 6721	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capita Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Program Reserve 6728	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committee Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	3,827,307	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,827,307
Invested in Capital Assets Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	3,827,307	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,827,307

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	4,599,160	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,599,160

For Each Fund Type:
Do Assets=Liability+Fund Equity